In response to the devastation caused by the 2017 California wildfires, the Internal Revenue Service (IRS) approved the use of employer leave-based donation programs to provide relief to victims of the wildfires. In Notice 2017-70, the IRS provides guidance on how employees may elect to forgo vacation, sick, or personal leave time in exchange for cash payments by their employers to charitable organizations which qualify under Internal Revenue Code (Code) Section 170(c) and provide assistance to wildfire victims. To participate in this donation program, such payments must be made before January 1, 2019.

In terms of the impact on the electing employee, any leave that is converted and paid as cash in accordance with the donation guidelines will not be considered gross income or wages to the employee, constructively or otherwise. Likewise, as the donated leave is never treated as income, an employee may not claim a charitable contribution deduction with respect to these payments but may benefit from the potential to lower their adjusted gross income next tax season. Employers on the other hand may be able to deduct the amounts donated as business expenses and will not be subject to certain charitable contribution limitations provided under Code Section 170(c).

For more information, please see Notice 2017-70. [https://www.irs.gov/pub/irs-drop/n-17-70.pdf](https://www.irs.gov/pub/irs-drop/n-17-70.pdf)

Victoria Jobe contributed to this article.

©2017 Greenberg Traurig, LLP. All rights reserved.