

Part III - Administrative, Procedural, and Miscellaneous

Chile Earthquake Occurring in February 2010 Designated as a Qualified Disaster under § 139 of the Internal Revenue Code

Notice 2010-26

This notice designates the Chile earthquake occurring in February 2010 as a qualified disaster for purposes of § 139 of the Internal Revenue Code in the affected areas of Chile.

EARTHQUAKE DISASTER

On February 27, 2010, a magnitude 8.8 earthquake with numerous significant aftershocks and a tsunami affected southern and central Chile (“Chile earthquake”). The earthquake and resulting aftershocks affected approximately 2 million individuals, displaced thousands of individuals from damaged and destroyed houses, and resulted in 795 deaths. The earthquake also caused major damage to buildings and infrastructure near the epicenter, and disrupted communications, electricity, water, and gas services in the affected areas. In addition, a tsunami caused significant damage along parts of coastal Chile. *USAID Chile - Earthquake Fact Sheet No. 1* (March 1, 2010) and *No. 2* (March 2, 2010).

This notice enables employer-sponsored private foundations to assist certain victims in areas affected by the Chile earthquake and enables recipients to exclude qualified disaster relief payments from gross income.

QUALIFIED DISASTER RELIEF PAYMENTS EXCLUDED FROM RECIPIENT’S

GROSS INCOME

Section 139(a) provides that gross income shall not include any amount received by an individual as a qualified disaster relief payment.

Section 139(b) provides that a qualified disaster relief payment includes any amount paid to or for the benefit of an individual—

(1) to reimburse or pay reasonable and necessary personal, family, living, or funeral expenses (not otherwise compensated for by insurance or otherwise) incurred as a result of a qualified disaster, or

(2) to reimburse or pay reasonable and necessary expenses (not otherwise compensated for by insurance or otherwise) incurred for the repair or rehabilitation of a personal residence or repair or replacement of its contents to the extent that the need for such repair, rehabilitation, or replacement is attributable to a qualified disaster.

Under § 139(c)(3) the term “qualified disaster” includes a disaster resulting from an event that is determined by the Secretary to be of a catastrophic nature.

DESIGNATION AS QUALIFIED DISASTER

The Commissioner of Internal Revenue, pursuant to delegation by the Secretary, has determined that the Chile earthquake occurring in February 2010 is an event of a catastrophic nature under § 139(c)(3). Therefore, the Chile earthquake is designated as a qualified disaster under § 139 in the affected areas of Chile.

SECTION 501(c)(3) ORGANIZATIONS

Employer-sponsored private foundations may choose to provide disaster relief to employee victims of the Chile earthquake. Like all organizations described in §

501(c)(3), private foundations should exercise due diligence when providing disaster relief as set forth in Publication 3833, *Disaster Relief: Providing Assistance Through Charitable Organizations*.

DRAFTING INFORMATION

The principal author of this notice is Sheldon Iskow of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this notice contact Mr. Iskow at (202) 622-4920 (not a toll-free call).