

IRS News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroom

Public Contact: 800.829.1040

IRS Announces Qualified Disaster Treatment for Chile

IR-2010-28, March 9, 2010

Washington – The Internal Revenue Service today issued guidance designating the earthquake that occurred in Chile in February 2010 as a qualified disaster for federal tax purposes. The guidance allows individuals who receive qualified disaster relief payments from any person to exclude those payments from income on their tax returns. Also, the guidance allows employer-sponsored private foundations to assist employee-victims in areas affected by this earthquake without affecting their tax-exempt status.

Qualified disaster relief payments include amounts to cover necessary personal, family, living or funeral expenses that were not covered by insurance. They also include expenses to repair or rehabilitate personal residences or repair or replace the contents to the extent that they were not covered by insurance. Again, these payments would not be included in the individual recipient's gross income.

Qualified disasters include Presidentially declared disasters and any other event that the Secretary of the Treasury determines to be of a catastrophic nature. The IRS has determined that the earthquake that occurred in Chile in February 2010 is an event of a catastrophic nature for purposes of the federal tax law.

The IRS will presume that disaster relief that a private foundation provides to employee-victims and their family members in areas affected by the earthquake in Chile are consistent with the foundation's charitable purposes.