

Part III - Administrative, Procedural, and Miscellaneous

Japan Earthquake and Tsunami Occurring in March 2011 Designated as a Qualified Disaster under § 139 of the Internal Revenue Code

Notice 2011-32

This notice designates the Japan earthquake and tsunami occurring in March 2011 as a qualified disaster for purposes of § 139 of the Internal Revenue Code.

EARTHQUAKE AND TSUNAMI DISASTER

On March 11, 2011, a magnitude 9.0 earthquake occurred, affecting northeastern Japan and generating a large tsunami which struck the eastern coast of Japan (collectively “Japan earthquake”). As of March 24, 2011, the Japan earthquake has resulted in more than 9,800 confirmed deaths, more than 17,500 missing persons, and approximately 245,000 individuals still taking shelter in evacuation centers. The Japan earthquake also damaged or destroyed more than 139,000 buildings and 2,000 roads and led to a serious nuclear incident at a nuclear power plant. *USAID Fact Sheet No. 13* (March 24, 2011).

This notice enables employer-sponsored private foundations to assist certain victims in areas affected by the Japan 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 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 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 Japan earthquake occurring in March 2011 is an event of a catastrophic nature under § 139(c)(3). Therefore, the Japan earthquake is designated as a qualified disaster under § 139.

SECTION 501(c)(3) ORGANIZATIONS

Employer-sponsored private foundations may choose to provide disaster relief to employee victims of the Japan 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).