

INTERNAL REVENUE SERVICE

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CC:ITA:B4

[REDACTED]

Attention: [REDACTED]

Dear [REDACTED]:

This letter is in response to your letter dated September 27, 2002, on behalf of your constituent, Mr. [REDACTED]. Mr. [REDACTED] asked us to make permanent the provisions of Notice 2001-69, 2001-2 C.B. 491, which involve the tax treatment of amounts paid under employer leave-based donation programs.

Notice 2001-69 provided interim guidance that the Treasury Department and the IRS believed was appropriate in the aftermath of the September 11, 2001, terrorist attacks. Although contrary to well-established legal principles, Notice 2001-69 provided special relief for uniquely tragic circumstances.

The Treasury Department and the IRS have studied the issue, and believe that employees who participate in leave-based donation programs may have taxable income under longstanding assignment of income principles. Also, the employees may be eligible for a charitable contribution deduction depending on each individual's tax situation. Accordingly, consistent with tax principles that are well-established in the law and administrative guidance, the Treasury Department and the IRS have decided not to extend Notice 2001-69 to payments made after December 31, 2002.

I hope this information is helpful. Please call [REDACTED], if you have any further questions.

Sincerely,
James L. Atkinson
Associate Chief Counsel
(Income Tax & Accounting)