



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF THE CHIEF COUNSEL

February 25, 2013

Number: **2013-0007**
Release Date: 3/29/2013

CONEX-106275-13

UILC: 61.00-00, 102.00-00

The Honorable Richard A. Blumenthal
United States Senate
Washington, DC 20510

Dear Senator Blumenthal:

I am responding to your inquiry dated February 5, 2013, from you and [redacted]. You asked about the tax treatment of payments from the [redacted] (Fund A) and the [redacted] (Fund B) to assist the families who were affected by the [redacted].

Based on the information provided, the payments would constitute gifts that are excludible from the recipients' gross income.

You indicated that Fund A and Fund B were set up in response to the outpouring of public support for families of victims and have raised money to provide gifts for their immediate needs and on going living expenses. We understand that [redacted], a section 501(c)(3) organization, had created Fund B to provide a vehicle for donors to assist the victims' families.

Gross income means all income from whatever source derived, except where otherwise provided by law (section 61(a) of the Internal Revenue Code (the Code)). Under section 102(a) of the Code, property received by gift is excludible from gross income. While section 102 does not define the term "gift," the Supreme Court has held that a gift is a transfer made out of "detached disinterested generosity." *Duberstein v. Commissioner*, 363 U.S. 278, 285 (1960). In general, a payment that is not compensatory and does not proceed from "any moral or legal duty" to the recipient is motivated by detached and disinterested generosity. *Id.*

Fund A and Fund B were funded with donations from the public. The payments from both Funds were apparently made in response to the victims' and their families' needs and not out of any moral or legal duty that their sponsors or any particular donor may have had. In those circumstances, the payments will be excludible from the recipients' gross income as gifts.

I hope this information is helpful. I am also writing to

. If you have any questions, please contact me or
(Identification Number) at .

Sincerely,

Andrew J. Keyso, Jr.
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(Income Tax & Accountng)



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The Honorable Elizabeth Esty
U.S. House of Representatives
Washington, DC 20515

Dear Ms. Esty:

I am responding to your inquiry dated February 5, 2013, from you and [redacted]. You asked about the tax treatment of payments from the [redacted] (Fund A) and the Sandy [redacted] (Fund B) to assist the families who were affected by the [redacted].

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The Honorable Christopher S. Murphy
United States Senate
Washington, DC 20510

Dear Senator Murphy:

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The Honorable Rosa DeLauro
U.S. House of Representatives
Washington, DC 20515

Dear Ms. DeLauro:

I am responding to your inquiry dated February 5, 2013, from you and [redacted]. You asked about the tax treatment of payments from the [redacted] (Fund A) and the [redacted] (Fund B) to assist the families who were affected by the [redacted].

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The Honorable John Larson
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Larson:

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The Honorable Joe Courtney
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Courtney:

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