



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

OFFICE OF THE CHIEF COUNSEL

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CC:ITA:B04:  
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Dear \_\_\_\_\_ :

I am responding to your letter dated April 16, 2020, on behalf of

. You asked if payments to undergraduate and graduate students under Section 18004 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, enacted March 27, 2020, Public Law 116-136, are excludible from gross income under Section 139 of the Internal Revenue Code (the Code).

Section 61(a) of the Code provides that, except as otherwise provided by law, gross income means all income from whatever source derived. Section 139(a) provides that gross income does not include any amount received by an individual as a qualified disaster relief payment. Section 139(b) provides, in part, that the term "qualified disaster relief payment" means any amount paid to or for the benefit of an individual to reimburse or pay reasonable and necessary personal, family, living, or funeral expenses incurred as a result of a qualified disaster (Section 139(b)(1)).

Under Section 139(c)(2), a qualified disaster includes a federally declared disaster as "defined by Section 165(i)(A)" of the Code. Section 165(i)(5)(A) defines a federally declared disaster as "any disaster subsequently determined by the President of the United States to warrant assistance by the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act."

As of April 17, 2020, the President has declared that the COVID-19 pandemic is a disaster warranting assistance under the Stafford Act in all fifty States, the District of

Columbia, and the United States territories, with an incident date of January 20, 2020, and continuing. Therefore, the COVID-19 pandemic is a “Federally declared disaster,” as defined by Section 139(c)(2), and payments to or for the benefit of individuals for reasonable and necessary personal, family, living, or funeral expenses incurred as a result of the COVID-19 pandemic are qualified disaster relief payments under Section 139.

For more information about the tax treatment of payments to students under Section 18004 of the CARES Act see the FAQs on irs.gov:

<https://www.irs.gov/newsroom/faqs-higher-education-emergency-relief-fund-and-emergency-financial-aid-grants-under-the-cares-act>

This letter has called your attention to certain general principles of the law. It is intended for informational purposes only and does not constitute a ruling. See Revenue Procedure 2020-1, Section 2.04, 2020-1 I.R.B. 9 (Jan. 2, 2020). If you have additional questions, please contact our office at

Sincerely,

Angella L. Warren  
Branch Chief, Branch 4  
(Income Tax & Accounting)

cc: