



IRS extends tax relief for employer leave-based donation programs that aid victims of the COVID-19 pandemic

IR-2021-142, June 30, 2021

WASHINGTON – The Internal Revenue Service today extended the tax relief provided in Notice 2020-46 for calendar year 2021 for employers whose employees forgo sick, vacation or personal leave because of the COVID-19 pandemic.

[Notice 2021-42](#) provides that cash payments employers make to charitable organizations that provide relief to victims of the COVID-19 pandemic in exchange for sick, vacation or personal leave which their employees forgo will not be treated as compensation. Similarly, the employees will not be treated as receiving the value of the leave as income and cannot claim a deduction for the leave that they donated to their employer.

Employers, however, may deduct these cash payments as a business expense or as a charitable contribution deduction if the employer otherwise meets the respective requirements of either section.

[Notice 2020-46](#) and [Notice 2021-42](#) provide further details for employers with leave-based donation programs

Additional information about tax relief for those affected by the COVID-19 pandemic can be found on IRS.gov.