



TaxNewsFlash

United States



No. 2020-485
August 3, 2020

IRS issues FAQs on leave-sharing plans (COVID-19)

The IRS today posted a set of “frequently asked questions” (FAQs) concerning the tax treatment of leave-sharing plans—guidance issued in response to the coronavirus (COVID-19) pandemic.

Read the [FAQs](#) (dated August 3, 2020). Full text of the FAQs is provided below.

Q1. May employers set up a leave-sharing plan under IRS [Notice 2006-59 \(PDF\)](#) that permits employees to deposit leave in an employer-sponsored leave bank for use by other employees who have been adversely affected by the COVID-19 pandemic?

A1. Yes. Notice 2006-59 provides guidance on the federal tax consequences of certain leave-sharing plans that permit employees to deposit leave in an employer-sponsored leave bank for use by other employees who have been adversely affected by a major disaster such as the COVID-19 pandemic. See Notice 2006-59 for the requirements of a qualifying leave-sharing plan.

Q2. Does an employee who deposits leave have any income tax consequences?

A2. No. The employee who deposits leave need not include the deposited leave in income or wages.

Q3. May an employee who deposits leave claim an expense, charitable contribution, or loss deduction in the amount of the deposited leave?

A3. No. An employee who deposits leave may not claim an expense, charitable contribution, or loss deduction with respect to the deposited leave.

The information contained in TaxNewsFlash is not intended to be “written advice concerning one or more Federal tax matters” subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader’s knowledge on the matters addressed therein, and is not intended to be applied to any specific reader’s particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at + 1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)