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Internal Revenue Code

§ 139 Disaster relief payments.

[139(a)] **(a) General rule.**

Gross income shall not include any amount received by an individual as a qualified disaster relief payment.

[139(b)] **(b) Qualified disaster relief payment defined.**

For purposes of [this section](#) , the term "qualified disaster relief payment" means any amount paid to or for the benefit of an individual-

[139(b)(1)] **(1)**

to reimburse or pay reasonable and necessary personal, family, living, or funeral expenses incurred as a result of a qualified disaster,

[139(b)(2)] **(2)**

to reimburse or pay reasonable and necessary expenses incurred for the repair or rehabilitation of a personal residence or repair or replacement of its contents to the extent that the need for such repair, rehabilitation, or replacement is attributable to a qualified disaster,

[139(b)(3)] **(3)**

by a person engaged in the furnishing or sale of transportation as a common carrier by reason of the death or personal physical injuries incurred as a result of a qualified disaster, or

[139(b)(4)] **(4)**

if such amount is paid by a Federal, State, or local government, or agency or instrumentality thereof, in connection with a qualified disaster in order to promote the general welfare,

but only to the extent any expense compensated by such payment is not otherwise compensated for by insurance or otherwise.

[139(c)] **(c) Qualified disaster defined.**

For purposes of [this section](#) , the term "qualified disaster" means-

[139(c)(1)] **(1)**

a disaster which results from a terroristic or military action (as defined in [section 692\(c\)\(2\)](#)),

[139(c)(2)] **(2)**

federally declared disaster (as defined by [section 165\(h\)\(3\)\(C\)\(i\)](#)),

[139(c)(3)] **(3)**

a disaster which results from an accident involving a common carrier, or from any other event, which is determined by the Secretary to be of a catastrophic nature, or

[139(c)(4)] **(4)**

with respect to amounts described in [subsection \(b\)\(4\)](#) , a disaster which is determined by an applicable Federal, State, or local authority (as determined by the Secretary) to warrant assistance from the Federal, State, or local government or agency or instrumentality thereof.

[139(d)] **(d) Coordination with employment taxes.**

For purposes of chapter 2 and subtitle C, qualified disaster relief payments and qualified disaster mitigation payments shall not be treated as net earnings from self-employment, wages, or compensation subject to tax.

[139(e)] **(e) No relief for certain individuals.**

Subsections (a) , (f) , and (g) shall not apply with respect to any individual identified by the Attorney General to have been a participant or conspirator in a terroristic action (as so defined), or a representative of such individual.

[139(f)] (f) Exclusion of certain additional payments.

Gross income shall not include any amount received as payment under section 406 of the Air Transportation Safety and System Stabilization Act.

[139(g)] (g) Qualified disaster mitigation payments.

[139(g)(1)] (1) In general.

Gross income shall not include any amount received as a qualified disaster mitigation payment.

[139(g)(2)] (2) Qualified disaster mitigation payment defined.

For purposes of this **section** , the term "qualified disaster mitigation payment" means any amount which is paid pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (as in effect on the date of the enactment of **this subsection**) or the National Flood Insurance Act (as in effect on such date) to or for the benefit of the owner of any property for hazard mitigation with respect to such property. Such term shall not include any amount received for the sale or disposition of any property.

[139(g)(3)] (3) No increase in basis.

Notwithstanding any other provision of this subtitle, no increase in the basis or adjusted basis of any property shall result from any amount excluded under **this subsection** with respect to such property.

[139(h)] (h) Denial of double benefit.

Notwithstanding any other provision of this subtitle, no deduction or credit shall be allowed (to the person for whose benefit a qualified disaster relief payment or qualified disaster mitigation payment is made) for, or by reason of, any expenditure to the extent of the amount excluded under **this section** with respect to such expenditure.