



STANLEY
— BENEFITS —

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"Disaster Relief Payments" to Employees Affected by COVID-19

April 2020



On March 13, 2020, President Donald Trump declared COVID-19 to be a national emergency. This opened the door for employers to provide qualified tax-free payments or reimbursements to employees affected by the COVID-19 outbreak under Section 139 of the Internal Revenue Code.

Some examples of expenses include:

- Work-from-home expenses such as setting up a home office, increased utilities expenses and higher Internet costs, transportation fees for essential employees required to commute to work
- Over-the-counter medications, hand sanitizer and home disinfectant supplies
- Increased child-care costs or tutoring due to school closing
- Necessary emergency funds to assist in personal and family living, and funeral expenses related to COVID-19
- Unreimbursed health-related expenses for COVID-19

Section 139 does not impose any limit on the amount or frequency of these qualified disaster payments to employees, nor does it require that employees provide receipts or other proof of the expenses. However, employers could require such proof as part of a written policy. Although a written plan is not required, a written policy is recommended. Some suggestions for a written policy are:

- Include that the program is related to the president's COVID-19 emergency declaration
- List expenses that will be reimbursed
- Define the method for payment/reimbursement
- Define eligible employee groups or classes
- Provide the start and end date of the program
- Define any employer-imposed expense limit (the statute does not require a limit)
- Provide the name of the administrator and their powers as related to discretionary decisions

Stanley Benefits can assist you with administering these programs, please contact your **Dedicated Account Manager** for more information.

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OUR MISSION

We will make every interaction a positive experience

Sincerely,
The Team at Stanley Benefit Services, Inc.

Contact us to learn about our
HSA, FSA, COBRA and 401(k) Services!

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