

Part I

Section 61.--Gross Income Defined

26 CFR 1.61-1: Gross income.

Rev. Rul. 98-19

ISSUE

Is a relocation payment authorized pursuant to section 105(a)(11) of Title I of the Housing and Community Development Act of 1974 (Act), 42 U.S.C. § 5305(a)(11), funded under the 1997 Emergency Supplemental Appropriations Act for Recovery From Natural Disasters (Supplemental Act), Pub. L. No. 105-18, 111 Stat. 158, 198-199, and made by a local jurisdiction to an individual moving from a flood-damaged residence to another residence, includible in the individual's gross income under § 61 of the Internal Revenue Code?

FACTS

Pursuant to the Act and the Supplemental Act, a resident of a local jurisdiction, within a Presidentially-declared disaster area in the upper Midwest, received a relocation payment from the local jurisdiction to help defray the expenses of moving from the resident's flood-damaged residence to another residence.

According to section 101(c) of the Act, the primary objective of Title I "is the development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for

persons of low and moderate income." 42 U.S.C. § 5301(c).

Section 105(a)(11) of the Act provides, in part, that a community development program may provide relocation payments and assistance for displaced individuals and families as authorized under the Act. 42 U.S.C. § 5305(a)(11).

The Supplemental Act provides funding, for displaced individuals and families as authorized under the Act, to certain communities affected by the flooding in the upper Midwest and other Presidentially-declared disasters occurring during the federal government's fiscal year ending September 30, 1997.

LAW AND ANALYSIS

Section 61 and the Income Tax Regulations thereunder provide that, except as otherwise provided by law, gross income means all income from whatever source derived.

The Service has held that payments made under legislatively provided social benefit programs for the promotion of general welfare are not includible in a recipient's gross income. See Rev. Rul. 76-373, 1976-2 C.B. 16, which holds that relocation payments received by individuals pursuant to section 105(a)(11) of the Act are in the nature of general welfare and are not includible in the gross incomes of recipients.

HOLDING

A relocation payment authorized pursuant to section 105(a)(11) of the Act, funded under the Supplemental Act, and made by a local jurisdiction to an individual moving from a flood-damaged residence to another residence, is in the nature of general welfare and is not includible in the individual's gross

income under § 61.

DRAFTING INFORMATION

The principal author of this revenue ruling is Sheldon A. Iskow of the Office of Assistant Chief Counsel (Income Tax and Accounting). For further information regarding this revenue ruling, contact Mr. Iskow on (202) 622-4920 (not a toll-free call).