

**(B) Exceptions**

Subparagraph (A) shall not apply if the payment or distribution is made on or after the date the account holder—

- (i) becomes disabled within the meaning of section 72(m)(7), or
- (ii) dies.

**(C) Special rules**

For purposes of subparagraph (A)—

- (i) all Medicare Advantage MSAs of the account holder shall be treated as 1 account,
- (ii) all payments and distributions not used exclusively to pay the qualified medical expenses of the account holder during any taxable year shall be treated as 1 distribution, and
- (iii) any distribution of property shall be taken into account at its fair market value on the date of the distribution.

**(3) Withdrawal of erroneous contributions**

Section 220(f)(2) and paragraph (2) of this subsection shall not apply to any payment or distribution from a Medicare Advantage MSA to the Secretary of Health and Human Services of an erroneous contribution to such MSA and of the net income attributable to such contribution.

**(4) Trustee-to-trustee transfers**

Section 220(f)(2) and paragraph (2) of this subsection shall not apply to any trustee-to-trustee transfer from a Medicare Advantage MSA of an account holder to another Medicare Advantage MSA of such account holder.

**(d) Special rules for treatment of account after death of account holder**

In applying section 220(f)(8)(A) to an account which was a Medicare Advantage MSA of a decedent, the rules of section 220(f) shall apply in lieu of the rules of subsection (c) of this section with respect to the spouse as the account holder of such Medicare Advantage MSA.

**(e) Reports**

In the case of a Medicare Advantage MSA, the report under section 220(h)—

- (1) shall include the fair market value of the assets in such Medicare Advantage MSA as of the close of each calendar year, and
- (2) shall be furnished to the account holder—
  - (A) not later than January 31 of the calendar year following the calendar year to which such reports relate, and
  - (B) in such manner as the Secretary prescribes in such regulations.

**(f) Coordination with limitation on number of taxpayers having Archer MSAs**

Subsection (i) of section 220 shall not apply to an individual with respect to a Medicare Advantage MSA, and Medicare Advantage MSAs shall not be taken into account in determining whether the numerical limitations under section 220(j) are exceeded.

(Added Pub. L. 105-33, title IV, § 4006(a), Aug. 5, 1997, 111 Stat. 332; amended Pub. L. 106-554, § 1(a)(7) [title II, § 202(a)(3), (b)(6), (10)], Dec. 21, 2000, 114 Stat. 2763, 2763A-628, 2763A-629; Pub. L.

108-311, title IV, § 408(a)(5)(A)-(F), Oct. 4, 2004, 118 Stat. 1191.)

## REFERENCES IN TEXT

The Social Security Act, referred to in subsecs. (a) and (b)(2)(A), is act Aug. 14, 1935, ch. 531, 49 Stat. 620, as amended. Part C of title XVIII of the Act is classified generally to part C (§1395w-21 et seq.) of subchapter XVIII of chapter 7 of Title 42, The Public Health and Welfare. Section 1859 of the Act is classified to section 1395w-28 of Title 42. For complete classification of this Act to the Code, see section 1305 of Title 42 and Tables.

## PRIOR PROVISIONS

A prior section 138 was renumbered section 140 of this title.

## AMENDMENTS

2004—Pub. L. 108-311, § 408(a)(5)(A)-(D), substituted “Medicare Advantage” for “Medicare+Choice” wherever appearing in section catchline, headings, and text.

Subsec. (c)(2)(C)(i). Pub. L. 108-311, § 408(a)(5)(E), substituted “Medicare Advantage MSAs” for “Medicare+Choice MSAs”.

Subsec. (f). Pub. L. 108-311, § 408(a)(5)(F), substituted “Medicare Advantage MSAs” for “Medicare+Choice MSA’s”.

2000—Subsec. (b). Pub. L. 106-554, § 1(a)(7) [title II, § 202(b)(10)], substituted “an Archer MSA” for “a Archer MSA” in introductory provisions.

Pub. L. 106-554, § 1(a)(7) [title II, § 202(a)(3)], substituted “Archer MSA” for “medical savings account” in introductory provisions.

Subsec. (f). Pub. L. 106-554, § 1(a)(7) [title II, § 202(b)(6)], substituted “Archer MSAs” for “medical savings accounts” in heading.

## EFFECTIVE DATE

Pub. L. 105-33, title IV, § 4006(c), Aug. 5, 1997, 111 Stat. 334, provided that: “The amendments made by this section [enacting this section, amending sections 220 and 4973 of this title, and renumbering former section 138 of this title as section 139 of this title] shall apply to taxable years beginning after December 31, 1998.”

**§ 139. Disaster relief payments****(a) General rule**

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

**(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—

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

(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,

(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

(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.

**(c) Qualified disaster defined**

For purposes of this section, the term “qualified disaster” means—

(1) a disaster which results from a terroristic or military action (as defined in section 692(c)(2)),

(2) federally<sup>1</sup> declared disaster (as defined by section 165(h)(3)(C)(i)),

(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

(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.

**(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.

**(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.

**(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.

**(g) Qualified disaster mitigation payments**

**(1) In general**

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

**(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.

**(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.

**(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.

(Added Pub. L. 107-134, title I, §111(a), Jan. 23, 2002, 115 Stat. 2432; amended Pub. L. 109-7, §1(a), Apr. 15, 2005, 119 Stat. 21; Pub. L. 110-343, div. C, title VII, §706(a)(2)(D)(iv), Oct. 3, 2008, 122 Stat. 3922.)

REFERENCES IN TEXT

Section 406 of the Air Transportation Safety and System Stabilization Act, referred to in subsec. (f), is section 406 of Pub. L. 107-42, which is set out as a note under section 40101 of Title 49, Transportation.

The Robert T. Stafford Disaster Relief and Emergency Assistance Act, referred to in subsec. (g)(2), is Pub. L. 93-288, May 22, 1974, 88 Stat. 143, as amended, which is classified principally to chapter 68 (§5121 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 5121 of Title 42 and Tables.

The date of the enactment of this subsection, referred to in subsec. (g)(2), is the date of enactment of Pub. L. 109-7, which was approved Apr. 15, 2005.

The National Flood Insurance Act, referred to in subsec. (g)(2), probably means the National Flood Insurance Act of 1968, title XIII of Pub. L. 90-448, Aug. 1, 1968, 82 Stat. 572, as amended, which is classified principally to chapter 50 (§4001 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 4001 of Title 42 and Tables.

PRIOR PROVISIONS

A prior section 139 was renumbered section 140 of this title.

AMENDMENTS

2008—Subsec. (c)(2). Pub. L. 110-343 amended par. (2) generally. Prior to amendment, par. (2) read as follows: “a Presidentially declared disaster (as defined in section 1033(h)(3)).”

2005—Subsec. (d). Pub. L. 109-7, §1(a)(2)(A), substituted “qualified disaster relief payments and qualified disaster mitigation payments” for “a qualified disaster relief payment”.

Subsec. (e). Pub. L. 109-7, §1(a)(2)(B), substituted “, (f), and (g)” for “and (f)”.

Subsecs. (g), (h). Pub. L. 109-7, §1(a)(1), added subsecs. (g) and (h).

EFFECTIVE DATE OF 2008 AMENDMENT

Amendment by Pub. L. 110-343 applicable to disasters declared in taxable years beginning after Dec. 31, 2007, see section 706(d)(1) of Pub. L. 110-343, set out as a note under section 56 of this title.

EFFECTIVE DATE OF 2005 AMENDMENT

Pub. L. 109-7, §1(c)(1), Apr. 15, 2005, 119 Stat. 22, provided that: “The amendments made by subsection (a) [amending this section] shall apply to amounts received before, on, or after the date of the enactment of this Act [Apr. 15, 2005].”

EFFECTIVE DATE

Pub. L. 107-134, title I, §111(c), Jan. 23, 2002, 115 Stat. 2433, provided that: “The amendments made by this

<sup>1</sup> So in original. Probably should be preceded by “a”.

section [enacting this section and renumbering former section 139 as section 140 of this title] shall apply to taxable years ending on or after September 11, 2001.”

**§ 139A. Federal subsidies for prescription drug plans**

Gross income shall not include any special subsidy payment received under section 1860D-22 of the Social Security Act.

(Added Pub. L. 108-173, title XII, §1202(a), Dec. 8, 2003, 117 Stat. 2480; amended Pub. L. 111-148, title IX, §9012(a), Mar. 23, 2010, 124 Stat. 868.)

REFERENCES IN TEXT

Section 1860D-22 of the Social Security Act, referred to in text, is classified to section 1395w-132 of Title 42, The Public Health and Welfare.

AMENDMENTS

2010—Pub. L. 111-148 struck out second sentence which read as follows: “This section shall not be taken into account for purposes of determining whether any deduction is allowable with respect to any cost taken into account in determining such payment.”

EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111-148, title IX, §9012(b), Mar. 23, 2010, 124 Stat. 868, as amended by Pub. L. 111-152, title I, §1407, Mar. 30, 2010, 124 Stat. 1067, provided that: “The amendment made by this section [amending this section] shall apply to taxable years beginning after December 31, 2012.”

EFFECTIVE DATE

Section applicable to taxable years ending after Dec. 8, 2003, see section 1202(d) of Pub. L. 108-173, set out as an Effective Date of 2003 Amendment note under section 56 of this title.

**§ 139B. Benefits provided to volunteer firefighters and emergency medical responders**

**(a) In general**

In the case of any member of a qualified volunteer emergency response organization, gross income shall not include—

- (1) any qualified State and local tax benefit, and
- (2) any qualified payment.

**(b) Denial of double benefits**

In the case of any member of a qualified volunteer emergency response organization—

- (1) the deduction under 164 shall be determined with regard to any qualified State and local tax benefit, and

- (2) expenses paid or incurred by the taxpayer in connection with the performance of services as such a member shall be taken into account under section 170 only to the extent such expenses exceed the amount of any qualified payment excluded from gross income under subsection (a).

**(c) Definitions**

For purposes of this section—

**(1) Qualified State and local tax benefit**

The term “qualified state and local tax benefit” means any reduction or rebate of a tax described in paragraph (1), (2), or (3) of section 164(a) provided by a State or political division thereof on account of services performed as a member of a qualified volunteer emergency response organization.

**(2) Qualified payment**

**(A) In general**

The term “qualified payment” means any payment (whether reimbursement or otherwise) provided by a State or political division thereof on account of the performance of services as a member of a qualified volunteer emergency response organization.

**(B) Applicable dollar limitation**

The amount determined under subparagraph (A) for any taxable year shall not exceed \$30 multiplied by the number of months during such year that the taxpayer performs such services.

**(3) Qualified volunteer emergency response organization**

The term “qualified volunteer emergency response organization” means any volunteer organization—

- (A) which is organized and operated to provide firefighting or emergency medical services for persons in the State or political subdivision, as the case may be, and

- (B) which is required (by written agreement) by the State or political subdivision to furnish firefighting or emergency medical services in such State or political subdivision.

**(d) Termination**

This section shall not apply with respect to taxable years beginning after December 31, 2010.

(Added Pub. L. 110-142, §5(a), Dec. 20, 2007, 121 Stat. 1805.)

EFFECTIVE DATE

Pub. L. 110-142, §5(c), Dec. 20, 2007, 121 Stat. 1806, provided that: “The amendments made by this section [enacting this section] shall apply to taxable years beginning after December 31, 2007.”

**§ 139C. COBRA premium assistance**

In the case of an assistance eligible individual (as defined in section 3001 of title III of division B of the American Recovery and Reinvestment Act of 2009), gross income does not include any premium reduction provided under subsection (a) of such section.

(Added Pub. L. 111-5, div. B, title III, §3001(a)(15)(A), Feb. 17, 2009, 123 Stat. 465; amended Pub. L. 111-144, §3(b)(5)(B), Mar. 2, 2010, 124 Stat. 44.)

REFERENCES IN TEXT

Section 3001 of title III of division B of the American Recovery and Reinvestment Act of 2009, referred to in text, is section 3001 of Pub. L. 111-5, div. B, title III, Feb. 17, 2009, 123 Stat. 455, which is set out as a note under section 6432 of this title.

AMENDMENTS

2010—Pub. L. 111-144 substituted “section 3001 of title III of division B of the American Recovery and Reinvestment Act of 2009” for “section 3002 of the Health Insurance Assistance for the Unemployed Act of 2009”.

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111-144 effective as if included in the provisions of section 3001 of Pub. L. 111-5 to which it relates, see section 3(c) of Pub. L. 111-144, set out as a note under section 6432 of this title.