



TaxNewsFlash

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Notice 2024-46: Treatment of certain relief payments made to individuals affected by East Palestine, Ohio train derailment

The IRS today released [Notice 2024-46](#) announcing that certain payments received by individuals affected by last year's train derailment in East Palestine, Ohio, are not taxable.

Today's related IRS release—[IR-2024-156](#)—explains that the IRS determined that the February 2023 derailment qualifies as “an event of a catastrophic nature,” and as a result various payments made to affected individuals by the common carrier that operated the derailed train are “qualified disaster relief payments,” which, by law, are excluded from gross income.

Individual taxpayers qualify for the exclusion only if the expenses covered by the qualified disaster relief payments made by the common carrier are not otherwise paid for by insurance or other reimbursement.

The common carrier issued Forms 1099-MISC to recipients of various payments, some of which are taxable and some of which are not because they are qualified disaster relief payments.

Tax-free qualified disaster relief payments made by the common carrier are:

- One-time \$1,000 “inconvenience” payments to affected individuals
- Relocation expenses and expenses for replacing clothing and personal items
- Cost of repairing or rehabilitating homes and the surrounding environment
- Compensation to homeowners who sold their homes after the derailment
- Medical expenses

Taxable payments include:

- Lost wages
- Access payments to property owners to allow the common carrier access to the train track for remediation and to clean nearby creeks and streams
- Payments to businesses

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