



PLR-156355-03

Section 104(a)(1) of the Code provides that gross income does not include amounts received under workmen's compensation acts as compensation for personal injuries or sickness.

Section 1.104-1(b) of the Income Tax Regulations states that section 104(a)(1) of the Code excludes from gross income amounts received by an employee under a workmen's compensation act or under a statute in the nature of a workmen's compensation act that provides compensation to the employee for personal injury or sickness incurred in the course of employment.

In Haar v. Commissioner, 78 T.C. 864 (1982), affd. 709 F.2d 1206 (8<sup>th</sup> Cir. 1983), the Court stated, "A statute will not be considered akin to a workers' compensation act if it allows for disability payments for any reason other than on the job injuries." Citing Riley v. U.S., 156 F. Supp. 751 (1957).

For a statute to qualify as a statute in the nature of a workmen's compensation act, the benefits provided must be restricted to a class of employees who incur an occupational injury, sickness, or death. Rev. Rul. 83-77, 1983-1 C.B. 37; Rev. Rul. 80-84, 1980-1 C.B. 35; Rev. Rul. 80-44, 1980-1 C.B. 34; Rev. Rul. 80-14, 1980-1 C.B. 33. Thus, whether benefit payments are excludable by the recipient under section 104(a)(1) of the Code depends upon the nature of the statute under which they are paid, not the particular circumstances of the recipient, and benefits will not be excludable where the statute allows for disability payments for any reason other than on-the-job injuries.

In the instant case, the Statute does not limit benefits to line-of-duty injury or sickness. Accordingly, the Statute is not a statute in the nature of a workmen's compensation act. Benefits received under the Statute are not excludable from the gross income of the recipients under section 104(a)(1) of the Code.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

Sincerely,

Harry Beker  
Chief, Health & Welfare Branch  
Office of Office of Division Counsel /  
Associate Chief Counsel  
(Tax Exempt & Government Entities)

Enclosure (1)

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cc: