

## Haiti Relief: Charitable Deduction Treatment

This week the House and Senate overwhelmingly passed legislation permitting taxpayers to elect to deduct qualified charitable contributions to aid victims of the 2010 Haiti earthquake, on their 2009 tax returns. The contributions must be in cash, including by check, credit card or by text messaging, and made after January 11, 2010 and before March 1, 2010. President Obama is expected to sign the bill imminently.

Many Americans have taken advantage of text messages to initiate contributions for Haitian relief. The bill would relieve recordkeeping requirements for this type of Haitian relief contributions. For these contributions, a telephone bill would satisfy the recordkeeping requirements if it shows the name of the donee organization, the date of the contribution and the amount of the contribution. Documentation for other contributions remains unchanged. Generally, taxpayers must have a bank record or a receipt from the charitable organization to substantiate their donation.

For tax years beginning in 2010, the limitation on itemized deductions for higher income individuals is repealed. As a result, some taxpayers may find it more beneficial to deduct their contribution to Haiti relief efforts on their 2010 tax return.

For more information, contact Joyce Waterbury at 919.301.6715.

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