



February 2010

**2010 Contributions to Haiti Relief Efforts
May Be Deducted in 2009**

On January 22, 2010, President Obama signed into law H.R. 4462—the Haiti Assistance Income Tax Incentive Act—allowing donors to accelerate the income-tax benefits for charitable cash contributions toward the relief of victims of the January 12 Haiti earthquake. This provision applies to monetary donations, not goods, services or other non-cash contributions.

The new law permits individuals who make charitable contributions to aid Haitian earthquake victims to elect to claim an itemized charitable deduction on their 2009 tax return, rather than wait until next year to claim the deductions on their 2010 tax return. The election would apply only to Haitian relief contributions made in cash after January 11, 2010, and before March 1, 2010. If the election is made, Haiti relief donations would be deductible on the 2009 return, not on the 2010 return. Taxpayers can choose to take the deduction in 2009 or 2010. The contributions must be made to a domestic charity that is assisting Haiti.

The law also includes a provision for donations made through text-messaging services and allows reduced recordkeeping requirements. For these contributions, a telephone bill would satisfy U.S. Code Sec. 170(f)(17) recordkeeping requirements if it shows the name of the donee organization, the date of the contribution and the amount of the contribution. Currently, cash contributions are limited to 50 percent of adjusted gross income.

Keep in mind that high-income taxpayers may wish to consider reporting the deductions on their 2010 income tax return, as income-tax rates may rise and the deductions may provide greater value.

If you would like more information about this topic or your own unique situation, please contact our office at (859) 344-6400.

Sincerely,

Andrew J. Bertke, CPA, MBA
Partner