

2010 Contributions to Haiti Relief Deductible on 2009 Returns

By Ric Nelson

Under a bill passed by both the U.S. House of Representatives and Senate, taxpayers who make donations for Haitian earthquake victims would be able to write off this charitable deduction when they file their 2009 taxes this spring (rather than on their 2010 returns). This new bill will allow donations made by the end of February 2010 to be deducted on 2009 returns.

The bill passed the house with no opposition. The Senate approved the legislation by voice vote. A similar law was passed in 2005 for donations to victims of the Indian Ocean tsunami that happened in December 2004.

The quake, which occurred on January 12, killed an estimated 200,000 people in Haiti, left 250,000 injured and made 1.5 million homeless. A powerful aftershock caused even more damage on Wednesday, January 20.

"The bottom line is they need cash, they need checks," said Rep. Charles Rangel, D-N.Y., chairman of the House Ways and Means Committee, which writes tax legislation.

As of Tuesday, January 19, the American Red Cross had raised a total of \$127 million according to a Red Cross spokesman. Approximately \$24 million of that amount had come from people making \$10 donations by texting the word "Haiti" to the number 90999 from their mobile phones.

Where donations were made as a phone-in contribution for Haiti relief, the bill allows telephone bill documentation as acceptable support of a tax deduction.

The bill was also sponsored by the top Democrat and Republican on the tax-writing Senate Finance Committee, which improved its likelihood of passing.

The next step for the bill is the White House, where it is expected to receive President Obama's signature.