



Haiti Contributions Tax Alert

JANUARY 2010

In response to the devastating January 12 earthquake in Haiti, new tax legislation has been enacted to encourage Americans to support the relief efforts. The legislation allows taxpayers to deduct certain Haiti relief contributions on their 2009 tax returns even though the contributions are made in 2010. Without this change in the law, taxpayers would have to wait one year or more to receive the tax benefit of Haiti related contributions. With these changes, taxpayers will be able to claim the benefit of these contributions sooner.

What you need to know

- Contributions made after January 11, 2010 and before March 1, 2010 are deductible on 2009 or 2010 federal income tax returns.
- Taxpayers must itemize their deductions to take advantage of this special provision.
- Qualifying contributions must be monetary. Donations by check or credit card qualify. Contributions of marketable securities cannot be accelerated.
- Qualifying contributions must be made to a US based charitable organization which is recognized by the IRS under Section 501(c)(3) that is assisting in the Haiti relief efforts.

Substantiation

Contributions to qualified charities assisting Haiti must be substantiated according to the rules governing all charitable contributions. Generally, a taxpayer must have written communication from the qualified charitable organization showing the name of the charity, the date and amount of contribution. The legislation will allow one additional method of substantiation. Individuals who made monetary contributions through their mobile telephones via text message may substantiate their contributions with their telephone bills. The telephone bill must show the name of the charity, the date and amount of the contribution.

Note that the ability to claim qualifying charitable contributions on a 2009 tax return is elective, not required. Taxpayers who anticipate being in a higher tax bracket in 2010 than 2009 may choose not to accelerate the charitable deduction.

The above represents a summary of this program and does not address all of the details contained in the new legislation. For clarification or more information on these and other tax matters, contact your W&G tax advisor at 732-846-3000.

Any U.S. tax advice contained in this communication is not intended or written to be used, and cannot be used, for the purpose of avoiding tax penalties that may be imposed on the taxpayer.

**Wilkin &
Guttenplan, P.C.**

Certified Public Accountants
and Consultants

1200 Tices Lane
East Brunswick, NJ 08816

T 732.846.3000
F 732.846.0618

www.wgcpas.com