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on their 2009 income tax returns.

Jan. 18, 2010

In a seemingly rare display of bipartisan effort by both chambers of Congress, Democratic and Republican leaders in the House and Senate joined an effort to quickly pass legislation that allows U.S. taxpayers to deduct their Haiti aid donations on their 2009 income tax returns. The Haiti Assistance Income Tax Incentive Act passed through both chambers unanimously and was signed into law on Friday, Jan. 22. The measure is geared toward promoting additional donations to the relief efforts for the island nation, which was stricken with a magnitude 7.0 earthquake on January 12.

The provisions of the act allow taxpayers to claim charitable deductions on their 1040 income tax returns for donations made to charities until March 1. It is similar to a bill passed shortly after the 2004 Indian Ocean Tsunami.

According to a press release issued by House Majority Whip James E. Clyburn (D-S.C.) and House Minority Whip Eric Cantor (R-VA), the two have introduced legislation to “allow individuals who make contributions to the relief effort in Haiti to claim the donations as an itemized charitable deduction on their 2009 tax return.” They are joined by other influential House leaders, including Ways and Means Committee Chairman Charles Rangel (D-N.Y.) and the ranking Republican member on that committee, Dave Camp (R-MI).

“In the midst of this horrific disaster, we must do everything we can to help the people of Haiti and the aid workers working so feverishly on the ground to help them,” said Cantor. Congressman Clyburn added: “I am heartened by the outpouring of concern and resources from the American people to the crisis in Haiti.” Similar legislation has been proposed in the Senate.

Tax and accounting professionals, as well as the technology companies that produce

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that make tax return programs will likely make minor changes to their instructions regarding charitable giving. These changes will be available via program updates. For users of SaaS (web-based) preparation programs, any changes would be made automatically by the online program developers.

The notion of making charitable donations retroactively deductible to help promote giving is not new. In early 2005, the U.S. Congress passed similar legislation following the December 26, 2004, tsunami in the Indian Ocean. That event was spurred by a magnitude 9.1 earthquake off the coast of the Indonesian island of Sumatra.

"It's great to encourage donations for humanitarian efforts, especially because a lot of people have taxes on their minds right now, so it might encourage additional giving," said Jody L. Padar, a Chicago CPA with the firm James J. Matousek, CPA Ltd. ([www.matousekconsulting.com](http://www.matousekconsulting.com)). "The biggest issue for many taxpayers is to remember not to "double dip," or mistakenly take the deduction again in 2010. They also need to save their receipts."

Certain advances in technology have also benefited charities and taxpayers. The popularity of mobile phone text messaging has made it quick and easy for people to donate funds, with a record of more than \$25 million having been contributed via text message to the Red Cross ([www.redcross.org](http://www.redcross.org)) during the six days following the disaster. This is in addition to more than \$200 million donated to the organization via other methods. "The cool thing about texting donations is that taxpayers definitely have documentation of the donation on their cell phone bill," said Padar.

To make a text-based donation to Haiti relief efforts, mobile phone users can can text the word "Haiti" to 90999 to instantly send a ten dollar donation to the Red Cross. The donation is automatically added to the user's billing statement and most major

mobile service providers have waived text messaging fees for those making these

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