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now passed legislation enabling taxpayers to claim charitable deductions made for Haiti aid relief efforts on their 2009 tax returns. The Haiti Assistance Income Tax Incentive Act passed through the House of Representatives unanimously yesterday, and quickly moved through a unanimous vote in the Senate on Thursday. The President is expected to pass the bill into law on Friday morning, January 22.

Under the Haiti act, taxpayers will be allowed to claim charitable deductions on their 1040 income tax returns for donations made to charities until March 1.

This updates the previous post, reprinted below:

Bipartisan Push on Capitol Hill Would Allow Donations to Quake Relief to be Applied to 1040 Returns Currently Being Filed
January 18, 2010

By Isaac M. O'Bannon, Technology Editor

In a seemingly rare display of bipartisan effort by both chambers of Congress, Democratic and Republican leaders in the House and Senate are pushing to quickly pass legislation that will allow U.S. taxpayers to deduct their Haiti aid donations on their 2009 income tax returns. The measure is geared at promoting additional donations to the relief efforts for the island nation, which was stricken with a magnitude 7.0 earthquake on January 12.

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

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Fortunately, the proposal to allow deductions made until April 15 for donations to Haiti relief efforts is not likely to involve significant changes to the actual tax filing programs used by do-it-yourself taxpayers or professionals. This is because the IRS will not need to change existing forms, but will likely issue official guidance to taxpayers and professional preparers. As a result, many of the technology companies that make tax return programs will likely make minor changes to their instructions regarding charitable giving. These changes would 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).

“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 \$10 million having been contributed

via text message to the Red Cross (www.redcross.org)

during the six days following the disaster. This is in addition to more than

\$40 million donated to the organization via other methods. “The cool thing

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Although the tax season is already underway, many taxpayers do not file until the months of March and April. If the legislation to make Haiti earthquake relief donations deductible for last year’s taxes does pass, Padar notes that the few who may have already filed or who remain unaware of the special treatment will still be able to claim the charitable giving on their 2010 returns or, if desired, will be able to file an amended 2009 return.

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