

Rosen Seymour Shapss Martin & Company LLP

Certified Public Accountants & Profitability Consultants

Tax Alert

Dear Clients and Friends of the Firm:

Donations To Haiti Relief May Be Deductible On 2009 Returns

Recently Congress unanimously passed the Haiti Assistance Income Tax Relief Act and President Obama signed the bill into law the next day. This Act allows taxpayers to speed up their deductions for charitable contributions made for Haitian earthquake relief. Here's what you should know about this new legislation:

The new law allows taxpayers to deduct on their 2009 returns charitable contributions made early in 2010 for Haitian earthquake relief. Normally, those contributions would be deductible only on the taxpayer's 2010 tax return, filed in 2011.

Only contributions made after January 11 and before March 1 qualify for this treatment. The contribution must be made in cash or by check, credit or debit card, or text message. Donations of property do not qualify. The contribution must be specifically for the relief of victims in areas affected by the January 12 earthquake.

Taxpayers should be sure that their contributions go to qualified domestic charities. Contributions to foreign organizations generally are not deductible. To see whether an organization qualifies, visit the IRS's website (www.irs.gov) and look under the "Search for Charities Link." However, some qualified charities are not listed on the site.

To claim the benefit, taxpayers must itemize their deductions. Those who claim the standard deduction are not eligible.

This accelerated treatment is optional. Most taxpayers will prefer to deduct the contribution in 2009, to receive the tax benefit as soon as possible. Other taxpayers, because of their anticipated income and deductions for 2010, may benefit from keeping the deduction on the 2010 return.

As always, remember to keep your receipts. For contributions of less than \$250, a bank record or written communication from the charity will suffice. It should include the charity's name, along with the date and amount of the contribution. Text-messaging donations can be validated by providing a telephone bill that shows the name of the organization and the date and amount of the donation. As with all contributions of \$250 or more, a contemporaneous written acknowledgement is required.

If you would like more details about any aspect of your charitable contributions, please do not hesitate to contact us at (212) 303-1800 or email us at info@rsmcpa.com. Visit our website at www.rsmcpa.com.

***Sincerely,
Rosen Seymour Shapss Martin & Company LLP***

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