

Client Alert

An informational newsletter from **Tonneson + Co**

Haiti - US Government provides incentives for relief contributions

Anyone contemplating making a contribution to help the victims of the earthquake in Haiti should do so before March 1, 2010. On January 22nd, 2010 President Obama signed the Haiti Assistance Income Tax Relief Act. The law allows calendar year taxpayers (individuals, corporations and other entities) to choose to take an income tax deduction in 2009 or 2010 for donations made through March 1, 2010 for the relief of Haiti earthquake victims. It is, therefore, not too late to make a charitable donation for the 2009 tax year.

The guidelines to take the deduction under the new law are as follows:

- The donation must be made specifically for the relief of victims of the January 12, 2010 earthquake in Haiti.
- The charity receiving the donation must be a qualified US charity. Foreign charities are generally ineligible.
- The donation must be in *Cash*. These include donations made by check, credit card, telephone text message or debit card.
- You must have documentation showing date, amount and name of donee organization.
- To get the benefit you must itemize your deductions on Schedule A of the US Form 1040.
- A deduction for a single donation cannot be divided between the two years. Donations have to be separate in order to allocate them over different tax years.
- Other existing rules for claiming a tax deduction for charitable donations still must be met.

In addition to the new law, the IRS has declared the Haiti earthquake as a "Qualified Disaster". This designation allows employers who have employer sponsored private foundations to make qualified disaster relief payments to employee (and their family) victims of the earthquake without impacting their tax-exempt status.

If you have any questions regarding these new provisions and how they may impact your tax situation please contact your tax professional at Tonneson +CO.

If you make donations for the Haiti earthquake between January 12th, 2010 and March 1st, 2010 please include the tax receipts with your 2009 income tax organizer so that we can maximize the tax benefit to you.

IRS CIRCULAR 230 DISCLOSURE:

To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

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