



JOINT COMMITTEE ON TAXATION

March 10, 2010

JCX-8-10

**Technical Explanation of H.R. 4783:  
A Bill to Accelerate the Income Tax Benefits for Charitable Cash  
Contributions for the Relief of Victims of the Earthquake in Chile, and to  
Extend the Period From Which Such Contributions for the Relief of Victims  
of the Earthquake in Haiti May Be Accelerated**

**Present Law**

**In general**

In general, under present law, taxpayers may claim an income tax deduction for charitable contributions. The charitable deduction generally is available for the taxable year in which the contribution is made. For taxpayers whose taxable year is the calendar year, the tax benefit of a charitable contribution made in January or February often is not realized until the following calendar year when the tax return is filed.

A donor who claims a charitable deduction for a charitable contribution of money, regardless of amount, must maintain as a record of the contribution a bank record or a written communication from the donee showing the name of the donee organization, the date of the contribution, and the amount of the contribution.<sup>1</sup> In addition to the foregoing recordkeeping requirements, substantiation requirements apply in the case of charitable contributions with a value of \$250 or more. No charitable deduction is allowed for any contribution of \$250 or more unless the taxpayer substantiates the contribution by a contemporaneous written acknowledgment of the contribution by the donee organization.

**Haitian earthquake relief**

Charitable contributions of cash made after January 11, 2010, and before March 1, 2010, are treated as contributions made on December 31, 2009, if such contributions were for the purpose of providing relief to victims in areas affected by the earthquake in Haiti that occurred

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<sup>1</sup> Sec. 170(f)(17).

on January 12, 2010. This gives calendar-year taxpayers who make Haitian earthquake-related charitable contributions of cash after January 11, 2010, and before March 1, 2010, the opportunity to accelerate their tax benefit. Such taxpayers may realize the tax benefit of such contributions by taking a deduction on their 2009 tax return.

With respect to the Haitian earthquake-related contributions described above, a telephone bill will satisfy the recordkeeping requirement if it shows the name of the donee organization, the date of the contribution, and the amount of the contribution. Thus, for example, in the case of a charitable contribution made by text message and chargeable to a telephone or wireless account, a bill from the telecommunications company containing the relevant information will satisfy the recordkeeping requirement.

### **Explanation of Provision**

#### **Chilean earthquake relief**

The provision permits taxpayers to treat charitable contributions of cash made after February 26, 2010, and on or before April 15, 2010, as contributions made on December 31, 2009, if such contributions were for the purpose of providing relief to victims in areas affected by the earthquake in Chile that occurred on February 27, 2010.

The provision also clarifies the recordkeeping requirement for monetary contributions eligible for the accelerated income tax benefits described above. With respect to such contributions, a telephone bill will also satisfy the recordkeeping requirement if it shows the name of the donee organization, the date of the contribution, and the amount of the contribution. Thus, for example, in the case of a charitable contribution made by text message and chargeable to a telephone or wireless account, a bill from the telecommunications company containing the relevant information will satisfy the recordkeeping requirement.

#### **Haitian earthquake relief**

The provision extends the special rule for Haitian earthquake-related charitable contributions to contributions made on or before April 15, 2010.

### **Effective Date**

The Chilean earthquake relief provision is effective on the date of enactment. The Haitian earthquake relief provision is effective for contributions made after February 28, 2010.

### **Estimated Revenue Effect**

The provision is estimated to decrease Federal fiscal year budget receipts by \$1 million over the period of fiscal years 2010 through 2019.