

Wealth Planning Update



Tsunami Relief Contributions Made by January 31, 2005 Deductible as of December 31, 2004

On Friday, January 7, 2005, President Bush signed into law a bill “to accelerate the income tax benefits for charitable cash contributions for the relief of victims of the Indian Ocean tsunami.” Normally charitable contributions made in January are not deductible for the previous tax year. Congress intended to give Americans an extra incentive to support tsunami relief efforts. The law allows for only cash

contributions and gives donors the option of deducting contributions on either their 2004 or 2005 federal income tax returns, but not both. As always, the IRS cautions donors to make sure their contributions are made to qualifying charities. Donors may access the IRS website to confirm that a specific charity is a qualifying charity (<http://apps.irs.gov/app/pub78>). Some charities such as churches may be qualified even

though they are not listed on the IRS website. Contributions to foreign charities generally are not deductible. For record-keeping purposes, donors should write “tsunami relief” in the memo field of checks made payable to organizations providing relief for tsunami victims. Of course, the deductibility of such contributions remains subject to AGI and other limitations, too.

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