



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

January 10, 2005

H.R. 241

An act to accelerate the income tax benefits for charitable cash contributions for the relief of victims of the Indian Ocean tsunami

*As cleared by the Congress on January 6, 2005,
and signed by the President on January 7, 2005*

H.R. 241, enacted as Public Law 109-1, allows taxpayers who make contributions in January 2005 to tsunami-relief efforts the option to deduct those contributions from their 2004 taxable income. Generally taxpayers who itemize their deductions may only apply eligible charitable contributions against their income for the calendar year in which the contributions are made. To qualify for this deduction, donations that are otherwise eligible for deductibility must be made in cash and pledged to aid victims of the December 26, 2004, tsunami in the Indian Ocean. Individuals opting to deduct such a contribution from their 2004 taxable income will not be allowed to deduct those same contributions next year.

The Joint Committee on Taxation estimates that the legislation will decrease governmental receipts by \$11 million in 2005 and then increase receipts by \$9 million in 2006, with no effect thereafter (see table below). The net effect on revenues would be a \$2 million decrease over the 2005-2014 period.

	By Fiscal Year, In Millions of Dollars									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
CHANGES IN REVENUES										
Estimated Revenues	-11	9	0	0	0	0	0	0	0	0

SOURCE: Joint Committee on Taxation.

This estimate was prepared by Annabelle Bartsch. This estimate was approved by G. Thomas Woodward, Assistant Director for Tax Analysis.