

Charitable Distribution through January 2011 Can Be Claimed in 2010

Jan. 10, 2011

Ability to make qualifying charitable distribution in Jan. 2011 and treat it as made in 2010. Taxpayers who are age 70 1/2 or older can make tax-free distributions to a charity from an Individual Retirement Account (IRA) of up to \$100,000. These distributions aren't subject to the charitable contribution percentage limits since they are neither included in gross income nor claimed as a deduction on the taxpayer's return. Under the 2010 Tax Relief Act, these rules are available for charitable IRA transfers made in tax years beginning before Jan. 1, 2012. (Code Sec. 408(d)(8)(F)) In addition, a taxpayer can elect for such a distribution made in January of 2011 to be treated as if it were made on Dec. 31, 2010. Thus, a qualified charitable distribution made in Jan. 2011 may be (1) treated as made in the taxpayer's 2010 tax year and thus so allowed to count against the 2010 \$100,000 limitation on the exclusion, and (2) treated as made in the 2010 calendar year and so allowed to be used to satisfy the taxpayer's minimum distribution requirement for 2010.