

MODIFICATIONS TO S. 1696 Hurricane Katrina Tax Relief Act of 2005

1. **Discharge of Indebtedness Related to Katrina:** No changes.
2. **Early Withdrawals from Retirement Plans:** Limited to Katrina Hurricane with an expanded definition of the disaster area.
3. **Special Rule for Determining Earned Income:** No changes.
4. **Extension of WOTC to Katrina Victims.** Modified to shorten length of program to two years (from three) for hires of qualifying employees inside the disaster area and to six months (from one year) for hires of qualifying employees outside the disaster zone.
5. **Katrina Disaster Employee Retention Credit.** No changes.
6. **Incentive for Housing Aid:** Modified to extend relief to 2005 and 2006.
7. **Relax Restrictions on Mortgage Revenue Bonds:** The Senate provision with modifications to restore purchase price and income limits. Expanded definition of disaster area.
8. **Encourage Food Donations by Businesses:** No changes.
9. **Encourage Book Donations by Businesses:** No changes.
10. **IRA Charitable Rollover:** Dropped.
11. **Corporate Charitable Contributions:** Modified to temporarily increase the percentage limitation to one hundred percent of the corporation's taxable income for new contributions of cash to the Katrina relief effort for one taxable year ending on or before December 31, 2006.
12. **Individual Income Limits for Cash Contributions:** Modified to increase cash contribution level for individuals from fifty percent to one hundred percent of adjusted gross income for new cash contributions for tax years ending on or before December 31, 2005. Overall limitation on itemized deductions waived.
13. **Encourage IRS Information-Sharing with State Charity Officials:** Dropped.
14. **Taxpayer Assistance:** Dropped.
15. **Increased Mileage Rate for Calculating Charitable Contribution Mileage Deduction:** Modified to set the charitable mileage rate at seventy percent of the standard business mileage rate that is determined periodically by the Internal Revenue Service. Taxpayer must substantiate that expenses are incurred in providing relief related to Hurricane Katrina.
16. **Casualty Loss Provision.** Modified to remove \$100 floor.
17. **Section 1033(h) Involuntary Conversions.** No changes.
18. **IRS Administrative Relief:** No changes.
19. **Special Rule for Determining Earned Income:** No changes.
20. **Secretarial Authority to Make Adjustments Regarding Taxpayers and Dependency Status.** No changes.