

CARES Act & Charitable Giving

The legislation includes these provisions to encourage charitable giving by individuals and corporations in 2020.

What's new?

Considerations

Individuals

- Donors can deduct cash donations up to 100% of adjusted gross income (AGI) for 2020 only – up from 60% in 2019.
- Thus, a donor who has an AGI of \$100,000 who makes a \$100,000 cash gift will have no federal income tax liability for 2020.

- Applies to cash gifts only; Stock gifts remain deductible for up to only 30% of AGI.
- Applies to gifts to public charities, such as Volunteers of America Ohio & Indiana, in order to make an immediate impact. Does not apply to gifts to donor advised funds, supporting organizations, and private foundations.

- Required Minimum Distributions from IRAs and Pension Plans suspended for 2020 only.

- Since there is no required IRA distributions for those age 72 and older this year, donors may have more IRA dollars available for charitable giving. Donors age 70 ½ and older can still make tax-free Charitable IRA Rollover gifts to public charities.

- In 2020, taxpayers who take the standard deduction can claim a \$300 “above-the line” deduction for cash gifts to public charities.
- The standard deduction for 2020 is \$12,400 for single taxpayers; \$24,800 for married couples filing jointly.

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Corporations

Donors can deduct cash donations for up to 25% of income – increased from 10%.

Does not apply to gifts to donor advised funds, supporting organizations or private foundations.

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Since there is no required IRA distributions for those age 72 and older this year, donors may have more IRA dollars available for charitable giving. Donors age 70 ½ and older can still make tax-free Charitable IRA Rollover gifts to public charities.