



2020 CHARITABLE GIVING INCENTIVES

The Coronavirus Aid, Relief, and Economic Security (CARES) Act makes several changes to incentivize giving to nonprofits in the tax year 2020. These include:

1. INCREASED DEDUCTION FOR INDIVIDUAL CASH DONATIONS: UP TO 100% OF AGI

Normally, the deductions a taxpayer can claim for a charitable contribution is limited to 60%. However, in 2020 the limitation has been suspended, and has increased to 100%, meaning any individual filing an itemized return may donate the full amount of their AGI, leaving taxable income at \$0 (see below example). This increased deduction applies to gifts made to public charities, such as Judi's House/JAG Institute.

	2020	Normal Year
Adjusted Gross Income	\$100,000	\$100,000
Charitable Contribution	\$100,000	\$100,000
Limitation on Deduction	None	60%
Charitable Deduction	\$100,000	\$60,000
Taxable Income	\$0	\$40,000
Tax Bracket (assumption)	35%	35%
Income Tax Due	\$0	\$14,000

2. INCREASED DEDUCTION FOR CORPORATE DONATIONS: UP TO 25%

Much like the individual increase in percentage of the tax deduction for 2020, there has been an increase in the percentage corporations can deduct for charitable contributions. Corporations may deduct up to 25% of taxable income, up from the previous limit of 10%.

3. \$300 "UNIVERSAL DEDUCTION" FOR ANY CHARITABLE CONTRIBUTION: NON-ITEMIZED TAX RETURNS

This incentive adds a deduction of up to \$300 for taxpayers who do not itemize (i.e. those who take a standard deduction). This new deduction is an above the line adjustment to income that will reduce your AGI and taxable income. It is important to note that any donation above the \$300 limit (one-time or combined donations) will not qualify under this deduction incentive, and only applies to cash gifts made in the year 2020.

This information is not intended as legal or tax advice. For such advice, please consult an attorney or tax advisor. Figures cited in any examples are for illustrative purposes only. References to tax rates include federal taxes only and are subject to change. State law may further impact your individual results.