

COVID TWO TRILLION DOLLAR PANDEMIC STIMULUS HELPS CHARITABLE DONORS

The House of Representatives and Senate have passed, and the President has signed, a \$2.2 trillion stimulus package to address the coronavirus pandemic crisis. The bill contains a number of provisions that are specific to helping charities as they face this difficult time.

- **PEOPLE WHO MAKE SMALLER GIFTS WILL BE ABLE TO DEDUCT THEM UP TO \$300.**
Presently, only those who itemize their income tax deductions are able to use a charitable deduction. For the rest of 2020, an individual will be able to deduct up to \$300, irrespective of whether or not they itemize their deductions. This “above the line” deduction can be used for contributions only of cash (not stock) to qualified charitable organizations.
- **PEOPLE WHO MAKE LARGER GIFTS WILL BE ABLE TO DEDUCT A MUCH HIGHER AMOUNT.**
Under current law, an individual may deduct up to 60% of their adjusted gross income (AGI) for charitable deductions of cash. The stimulus package lifts that restriction, so that an individual can make a gift only of cash (so once again not stock) and deduct it up to 100% of their AGI for the year 2020. This is an election, so the donor who wants to use this provision must tell the IRS so. This is helpful for wealthier major gift donors and could allow a person to make charitable gifts that eliminate their tax burden. Any contributions in excess of total AGI may be carried forward for up to five additional years, which is yet another benefit and planning tool. This may not be used to fund Donor Advised Funds or Supporting Organizations.
- **CORPORATIONS HAVE MUCH GREATER INCENTIVES TO MAKE CHARITABLE GIFTS.**
There’s also a substantial benefit for corporate charitable gifts. Usually this is limited to 10% of taxable income for the corporation. That limit has been increased to 25% of the taxable income, making charitable gifts much more attractive to many companies. A similar limitation on corporate giving of food inventory, currently limited to 15%, has also been boosted to 25%. Obviously, organizations which work closely with corporate gifts will find this useful. It is especially helpful with corporations which are giving food inventory to an organization.

Additional Provisions. There are a number of other benefits for individuals and businesses in this legislation, such as the delay of the 2019 tax filing deadline from April 15 to July 15, lifting of certain IRA early withdrawal penalties for those affected with Covid-19, and other individual and business benefits, which are meant to address the hardships imposed by the pandemic of Covid-19.