

CARES ACT RESOURCES

FOR DONORS

Coronavirus Aid, Relief, and Economic Security Act 2020 (CARES)

CHARITABLE HIGHLIGHTS

- UP TO \$300 TAX DEDUCTION EVEN WHEN TAKING STANDARD DEDUCTION
- MAJOR DONOR CAP ON CASH DONATIONS HAS BEEN LIFTED FOR 2020
- CORPORATE DEDUCTIONS INCREASED TO 25% FROM 10%
- 2020 CARES ACT SUSPENDS IRA RMD FOR THOSE 70 1/2 YEARS OR OLDER, BUT QCD'S STILL PERMITTED

Resource provided by:



2020 CARES Act Encourages Charitable Giving NEW TAX INCENTIVES

Like many families and businesses, not-for-profit charitable organizations are under immense pressure in this time of personal and economic turmoil... just when nonprofit organizations are being called upon to help the most.

The recently passed economic stimulus program, CARES Act, includes incentives for individual and corporate donors to support 501(c)3 charitable organizations (excluding private foundations or donor-advised funds) through cash donations (no gifts of stock).

Up to \$300 tax deduction in 2020 even when taking the standard deduction when filing your 2020 taxes. Since the tax reform of 2018, most donors no longer itemize deductions. By supporting charitable organizations during this crisis, a donor may now deduct up to an additional \$300 on top of the standard deduction. Good for the donor...but even better for the organizations they care about.

Major donor cap on charitable cash donations has been lifted for 2020. Once capped at 60% of Adjusted Gross Income, CARES lifts that cap, and 2020 donors may deduct up to 100% of their AGI for their cash-only donations to qualified charitable organizations. A donor's tax professional should be consulted.

In 2020 Corporations may deduct up to 25% of their taxable income—up from 10%. Many businesses are also under tremendous pressure, yet for some this tax incentive might be a helpful resource. This 25% limit includes gifts of food inventory.

DON'T FORGET about the qualified charitable distribution (QCD) from an IRA in 2020 for those 70½ years or older. While the CARES act suspends required minimum distributions (RMD) in 2020, donors may still direct up to \$100,000 from their IRA to charities in a tax efficient manner. A donor's tax professional should be consulted.