



## **Tax Incentives for Donors Provided by the CARES Act**

The CARES Act—the Coronavirus Aid, Relief, and Economic Security Act—is a \$2.2 trillion stimulus plan that contains enhanced charitable giving incentives. The following information provides an overview of the tax incentives, but it is not intended to provide legal advice.

### **Enhanced Charitable Giving Incentives**

**Temporary Universal Charitable Deduction**—Taxpayers who do not itemize their deductions can take a one-time deduction of up to \$300 for gifts made to charitable organizations. The provision is intended only for the year 2020. The deduction is ONLY for gifts of cash made in calendar year 2020 and does not cover other types of gifts or contributions made to donor-advised funds or private foundations. (For example: a gift of \$100 may cost donors about \$80 after considering the tax benefits.)

**Suspends the 60 percent adjusted gross income limitation for individuals' charitable contributions for the year 2020.** In a typical year, individuals can only take a charitable deduction of up to 60 percent of their adjusted gross income, no matter how much they give. For 2020, there is no limit, making cash contributions fully deductible.

**Increases the cap on how much corporations may deduct for charitable gifts from 10 percent of taxable income to 25 percent.** In addition, the limitation on deductions for food donations by corporations increases from 15 percent to 25 percent in 2020.