

The CARES Act (Coronavirus Aid, Relief, and Economic Security Act) brings new important tax benefits for donors in 2020.

The CARES Act was signed into law on March 27, 2020. Recognizing the heightened importance of charitable giving and the need to maximize support of nonprofits providing critical relief and response services, the CARES Act includes key provisions designed to bring increased benefits for charitable giving in 2020 and beyond. Please note, this document is meant to be used as a resource and is not intended as legal or tax advice.

Benefits for Individual Donors:

1. NEW Charitable Deduction of Donations Up to \$300 for those who take the Standard Deduction

For the over 90% of people who no longer itemize their charitable giving, the CARES Act will allow these individual taxpayers to deduct donations to charity of up to \$300 on their 2020 federal tax return, in addition to taking the standard deduction. Married-filing-jointly taxpayers will get an above-the-line deduction of up to \$600.

Click [here](#) for IRS resources to learn more

2. Charitable Giving Deduction Cap Raised to 100%

For those donors who itemize their deductions, and therefore directly write off gifts to charity, the CARES Act allows for deductions up to 100% of adjusted gross income (AGI) for individuals and joint filers. Prior to the CARES Act, the deduction cap was 60% of adjusted gross income. This only applies to gifts of cash, and is not available for gifts of securities or other assets, or if the gift is received from a donor advised fund. Click [here](#) for resources to learn more.

	Prior to CARES ACT	With CARES ACT for 2020
Maximum deduction for cash gift(s) per an individual taxpayer's AGI.	60% of AGI Charitable Deduction	100% of AGI Charitable Deduction
Example: If an individual's taxable income (AGI) is \$100K and you donated \$100K.	\$60,000 Maximum Charitable Deduction	\$100,000 Charitable Deduction, which means zero Federal income tax.

3. IRA Gifts and Qualified Charitable Distributions for 2020

The CARES Act did not change the rules around the Qualified Charitable Distributions, which allows individuals over 70½ years old to donate up to \$100,000 in IRA assets directly to charity annually, without taking the distribution into taxable income.

However, remember that under the CARES Act an individual can elect to deduct 100 percent of their AGI for cash charitable contributions. This effectively affords individuals over 59½ years old the benefits similar to a QCD; they can take a cash distribution from their IRA, contribute the cash to charity, and may completely offset tax attributable to the distribution by taking a charitable deduction in an amount up to 100 percent of their AGI for the tax year.

At this time, QCDs cannot be utilized for donations to donor-advised funds, supporting organizations, and private foundations.

Benefits for Corporate Donors:

The AGI limit for cash contributions was also increased for corporate donors. Corporations can now deduct up to 25 percent of taxable income (increased from 10 percent). *Click [here](#) for resources to learn more.*

Information contained herein was accurate at the time of posting. 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.

References:

S.3548 - CARES Act:

[Sec. 2104. Allowance of Partial Above the Line Deductions for Charitable Contributions](#)

[Sec. 2105. Modification of Limitations on Charitable Contributions During 2020.](#)