



## CHARITABLE GIVING INCENTIVES

The CARES Act includes provisions that are intended to provide enhanced charitable giving incentives to all taxpayers.

For individual taxpayers, the CARES Act permits all taxpayers (not just those who itemize) to take an above-the-line deduction of up to \$300 for “qualified charitable contributions” made in taxable years beginning in 2020. A “qualified charitable contribution” means a charitable contribution (as defined in section 170(c) of the Code) made in cash for which a deduction is allowable under section 170 of the Code, and which is made to an organization described in section 170(b)(1)(A) of the Code (e.g., churches, educational organizations, hospitals, governmental units, certain publically supported charitable organizations). Noncash contributions and contributions to any of the following types of organizations do not qualify: (i) private non-operating foundations, (ii) “supporting organizations” described in section 509(a)(3) of the Code, and (iii) donor advised funds.

Perhaps more importantly, the CARES Act lifts, for 2020, the existing cap on charitable contribution deductions for individuals who itemize. An individual may deduct qualified charitable contributions (as described above) up to 100 percent of his or her adjusted gross income (less the amount of other allowable charitable contributions for the year). A corporation generally may deduct up to 25 percent of its taxable income (up from 10 percent). Taxpayers must elect the application of this special provision for such qualifying contributions—and presumably the Internal Revenue Service will issue guidance or revised forms with respect to such elections. The CARES Act also increases the amount a corporation may deduct for certain donations of food inventory during 2020 from 15 percent to 25 percent.