

## How the Cares Act Benefits Donors

The CARES Act that Congress passed in response to the COVID-19 crisis is best known for its Payroll Protection Program SBA loans and other measures of cash relief. Getting less attention are the provisions that increase the tax-deductibility of donations to charities like White Oak.

## Two New Tax Benefits to Donors

### Universal Deduction for Donations Up to \$300

For the over 9 out of 10 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, even though they take the standard deduction. Married-filing-jointly taxpayers will get an above-the-line deduction of up to \$600.

### Raising the Charitable Giving Deduction Cap

For those donors who are still able to itemize their deductions, and therefore directly write off gifts to charity, the current deduction cap is 60% of adjusted gross income\*. Corporations are able to deduct charitable donations up to 10% of taxable income.

The CARES Act lifts these caps to 100% for individuals and joint filers. These are truly substantial changes to the tax treatment of donations. For individuals, it could theoretically mean zero taxable income if someone gives big.

For example, if Mike has an AGI of \$175,000, he would normally be able deduct up to \$105,000 for gifts to a non-profit like White Oak. With the temporary changes in the CARES Act, Mike could now deduct up to his full AGI of \$175,000 if he gives that much to charity in 2020.