

CARES Act Gives Back: Tax Benefits may be Available for Charitable Donors

May 8, 2020 – The global pandemic has resulted in significant financial stress for many individuals and consequently this has caused a financial strain for charities that serve those in need. Many have suffered from the economic impact of the virus, but there are still many individuals that feel a need to help by making contributions to worthy not for profits.

Fortunately, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) offers some additional tax benefits to charitable donors in 2020. The IRS recognizes that charities, many of them doing critical work at this time, are going to experience a reduction in donations while their costs are simultaneously increasing. To offset this loss and to incent people to give now, the CARES Act allows large donors to offset 100% of their 2020 taxable income with a charitable donation. Typically, the limit on the deduction is not to exceed 60% of adjusted gross income (AGI). Allowing donors to deduct 100% of their AGI in 2020 is enticing and could benefit charities at this time of need. If you give more than 100% of your AGI, you can also carry the excess deductions forward subject to the standard regulations. For smaller donors that do not itemize, there is also a \$300 deduction for cash donations to charity. This is in addition to the standard deduction.

As always, while the rules of the CARES Act are intended to be straightforward, the decision to structure charitable giving around this new act is specific to each donor's personal circumstances. You should speak with your own tax advisor or a member of the Dopkins & Company tax group before structuring your charitable donation.

The needs are clear, the benefit for the 2020 tax year is compelling, and if this is a topic of interest to you, please do not hesitate to contact a member of the Dopkins Wealth Management team to discuss this further.

For more information, contact [Patrick Bohan](mailto:pbohen@dopkins.com), Senior Investment Advisor, Dopkins Wealth Management, LLC*, at pbohen@dopkins.com.

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