

CARES Act Incentives Charitable Giving in 2020

December 2, 2020 - The Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) has enacted a qualified charitable contribution deduction for individuals who do not claim an itemized deduction.

For the tax year of 2020 only, an eligible individual may claim an above-the-line deduction in computing adjusted gross income of up to \$300 for any charitable contributions made to churches, nonprofit schools, nonprofit medical institutions and other charitable organizations. Taxpayers are eligible for this deduction so long as they do not claim itemized deductions on Schedule A.

The charitable contribution made for the purpose of the above-the-line charitable contribution deduction is a contribution made in cash that would otherwise be allowed as an itemized deduction, and contributed to a qualified charity. The contribution cannot be made to a company with the primary goal of earning income, or to a new or existing donor advised fund. Lastly, the qualified charitable contribution for this purpose does not apply to cash contribution carryovers from prior tax years.

To summarize, a taxpayer who does not itemize their deductions on Schedule A, and instead takes the standard deduction may claim a deduction for up to \$300 for any qualified charitable contribution made to a qualified charity. If you are a taxpayer that is eligible for this, make sure to keep your documentation or receipt of the donation, and you will be able to lower your adjusted gross income in the 2020 tax year.

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