



Many missions | 100 counties | One voice

# Restoring and Improving Charitable Giving Incentives

## Background

Charitable nonprofits are experiencing increased demand for services that outpace available funding. *Greater incentives for charitable giving are needed more than ever as nonprofits respond to health and economic crises, and they will be critical in the future as nonprofits continue to play an essential role in recovery efforts.*

## The Challenge

Although the pandemic continues and inflation is causing significant challenges for nonprofits, three charitable giving incentives (a universal charitable deduction, the removal of a cap on giving for individuals, and an increased charitable giving incentive for corporations) were allowed to expire at the end of 2021.

## Why it is Good Tax Policy

A universal charitable deduction (UCD) encourages individuals to devote more of their income to their community's needs. In March 2020, Congress enacted a \$300 charitable deduction for cash gifts from nonitemizers for 2020. In December 2020, Congress extended the deduction through 2021 and increased the cap to \$600 for joint filers.

**Charitable Giving Increased After Enactment of Temporary UCD.** According to the IRS, 42.2 million Americans claimed the UCD on their 2020 tax returns. An estimated 28% increase in gifts of \$300 occurred on Dec. 31, 2020 – the exact amount of the UCD that was set to expire.

## Legislative Solution

Charitable nonprofits urge Congress and the Administration to renew the **universal charitable**

## Legislative Solution

- **Universal Charitable Deduction**
  - Restored through 2022
  - Increased giving amount ([S. 618/H.R. 1704](#))
- **Individuals:** 100% of Adjusted Gross Income
- **Corporations:** 25% of Taxable Income

(non-itemizer) deduction, at least through 2022, and significantly increase the cap on the deduction, as proposed in the bipartisan Universal Giving Pandemic Response and Recovery Act (S.618/H.R.1704). Congress can help alleviate some of the funding difficulties the sector is facing by enacting bipartisan, bicameral legislation that would raise the charitable deduction cap to roughly \$4,000 for individuals/\$8,000 for couples, and extend the deduction through the 2022 tax year.

Similarly, we call on policymakers to extend two separate disaster-relief giving incentives that expired on Dec. 31, 2021 – the provision permitting individuals who itemize to deduct charitable donations up to **100% of their adjusted gross income** and the measure allowing corporations to deduct charitable donations up to **25% of taxable income**.

In relief legislation after every natural disaster since Hurricane Katrina, Congress has raised the cap on the amount individuals and corporations can deduct for giving back to their communities. The latest surge in COVID cases makes clear that the pandemic is not over, and that disaster tax relief is still warranted. **Two additional disaster-related giving incentives must be restored.**

## What You Can Do

*Incentives for charitable giving must be restored now, when the donations can do the most good.*

Will you cosponsor the **Universal Giving Pandemic Response and Act** (H.R. 1704/S.618) and urge your leaders to restore for 2022 the **individual and corporate giving incentives** enacted as part of both the CARES Act and the 2020 year-end relief law?

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