

What the CARES Act means for your 2020 charitable giving to public charities such as the Indianapolis Art Center.

On March 27, the Congress passed and the President signed into law the **Coronavirus Aid, Relief, and Economic Security (CARES) Act**, to help combat the far-reaching impacts of COVID-19. The bill provides increased tax incentives for charitable giving for both individuals and corporations, signifying an intent to stimulate philanthropy throughout America.

Are you itemizing deductions?

The adjusted gross income (AGI) limit for cash contributions was increased for individual donors. For cash contributions made in 2020, you can now elect to deduct up to 100% of your AGI (increased from 60%).

Not itemizing?

The CARES Act allows for an additional, “above the line” deduction for charitable gifts made in cash of up to \$300 per individual (\$600 per couple). If you are not itemizing on your 2020 taxes, you can claim this new deduction.

Interested in corporate giving?

The AGI limit for cash contributions was also increased for corporate donors. Corporations can now deduct up to 25% of taxable income (increased from 10%).

What about IRA Qualified Charitable Distributions (QCD)?

The CARES Act did not change the rules around the QCD, which allows individuals over 70½ years old to donate up to \$100,000 in IRA assets directly to public charities annually, without taking the distribution into taxable income.

However, since an individual can elect to deduct 100% of their AGI for cash charitable contributions under the CARES Act, this effectively affords individuals over 59½ years old the benefits similar to a QCD; they can take a cash distribution from their IRA, contribute the cash to charity, and may completely offset tax attributable to the distribution by taking a charitable deduction in an amount up to 100% of their AGI for the tax year. **This is a smart strategy if you’re planning a large charitable contribution in 2020 as long as you are between the ages of 59½ and 70½ and are not dependent on existing retirement funds.**

This information is not intended as legal or tax advice. For such advice, please consult an attorney or tax advisor. Figures cited in any examples are for illustrative purposes only. References to tax rates include federal taxes only and are subject to change. State law may further impact your individual results.