



# Charitable Incentives in the CARES Act

## Coronavirus Aid, Relief, and Economic Security Act

---

**The Coronavirus Aid, Relief, and Economic Security Act, or CARES Act,** was signed into law on Friday, March 27. The bill includes several provisions with implications for philanthropy. Below is a brief summary of the key changes. The changes apply for the 2020 tax year and only for gifts to public charities, not for contributions made to donor advised funds or supporting organizations.

### **100% of AGI limit available for cash gifts to most public charities.**

In an ordinary year, donors can take a charitable deduction on their cash gifts only up to 60% of their adjustable gross income (AGI) and carry forward the rest. For 2020 only, the deduction limit has increased to 100% of AGI for donations to qualified charities. This change presents an excellent opportunity for everyone considering a significant gift to JPA or donors who are making payments on a multi-year pledge.

**Non-itemizers can take a charitable deduction.** A new tax deduction is available for donors who do not itemize. The adjustment is only available for cash gifts to qualified public charities in 2020 and is limited to \$300 for each taxpayer or \$600 per married couple. This change is expected to encourage many more individuals who take the standard deduction to make contributions this year as they can recover part of their contribution.

### **Required minimum distributions waived.**

For the year 2020, there will be no mandatory distributions from retirement accounts such as IRA, 401(k), 403(b) or other defined contribution plans, regardless the age of the account owner. The IRA charitable rollover will still be available for donors over 70 ½ years of age to make a tax-free transfer to a charity for up to \$100,000, and remains a tax-efficient way to give.

### **Higher deduction limit on cash contributions from corporations.**

During a typical year, the charitable deduction for contributions made by corporations is limited to 10% of taxable income; for 2020 it is increased to 25%. Contributions in excess of 25% can be carried forward for up to five years and be subject to the usual limits. This provision encourages more corporate giving to help public charities in need.

### **Higher deduction limit on food inventory contributions.**

The limitation on deductions for contributions of food inventory by business has increased from 15% to 25% for 2020, to encourage more food donations.