

The CARES Act

What is it?

In March of 2020, the U.S. Federal Government signed into law a \$2 trillion relief act aimed at providing relief to individuals, businesses, and government organizations. CARES stands for The Coronavirus Aid, Relief, and Economic Security Act.



Key Takeaways for Giving:

1. **Temporary universal charitable deductions** - Taxpayers who do not itemize deductions can take a one-time deduction of up to \$300 for gifts made to charitable organizations. The deduction is **ONLY** for gifts of cash made in the calendar year 2020 and does not cover other types of gifts or contributions made to donor-advised funds or private foundations.
2. **60% adjusted gross income limitation suspended for individuals' charitable contributions during the year of 2020** - In a typical year, individuals can only take a charitable deduction of up to 60 percent of their adjusted gross income, no matter how much they give. For 2020, there is no limit, making cash contributions fully deductible.
3. **Cap increased on how much corporations may deduct for charitable gifts from 10% of taxable income to 25%** - In addition, the limitation on deductions for food donations by corporations increases from 15 percent to 25 percent in 2020.

What does that mean for you?

- Those who make smaller gifts are able to deduct them up to \$300, whether or not they are itemized.
- Those who make larger gifts are able to deduct a much higher amount (individuals can make larger charitable gifts to eliminate tax burdens).
- Corporations can now give up to 25% of taxable income, up from 10%.