

CARES Act and Charitable Giving Opportunities

The Coronavirus Aid, Relief, and Economic Security Act of 2020 ("CARES Act") contains various provisions that affect tax-exempt organizations. In addition to the disaster aid and employment sections (See, our [Fraser Stryker COVID-19 Resource Center](#)), two provisions make charitable giving more attractive for individuals and corporations.

Key Highlights:

- Non-itemizing taxpayers can deduct a cash charitable contribution of up to \$300.
- Raises limit on cash charitable contributions in 2020 to 100% of Adjusted Gross Income for individuals who itemize and to 25% for corporations.

Increased Deduction for Charitable Contributions. Typically, individual taxpayers must itemize their deductions to take advantage of a charitable contribution. The CARES Act amends this requirement to allow non-itemizing individual taxpayers to claim a deduction of up to \$300 for cash contributions to Qualified Charitable Organizations. These are the common operating charities, such as children's shelters, animal welfare organizations, food banks, zoos, hospitals and churches. Qualified Charitable Organizations do not include private foundations, supporting organizations or donor advised funds. This change does not expire and is effective for the 2020 taxable year beginning after December 31, 2019, provides non-itemizing taxpayers an opportunity to claim charitable contribution deductions.

Increased Limit on Charitable Contributions. For individual taxpayers who have itemized deductions, the CARES Act increases the limits to provide a temporary deduction for Qualified Contributions of cash. Qualified Contribution are: (a) made in 2020; (b) paid in cash; and (c) made to certain organizations described in Internal Revenue Code Section 170(b)(1)(A). Again, these are the commonly thought of charities noted above. A Qualified Contribution also excludes contributions to private foundations, supporting organizations or donor advised funds. The Qualified Contribution deduction for individual taxpayers is limited to 100% (up from 60%) of Adjusted Gross Income. The limit for corporations is increased from 10% to 25% of taxable income (determined without certain deductions). Excess donations are carried-over to the next tax year. Donations of food inventory by corporations is increased to 25% in 2020.

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