Summary of the CARES Act
Charitable Contribution
Deduction Rules:

The CARES Act passed in March 2020 made several changes to tax law increasing both individual and business eligibility to deduct charitable contributions. And, unlike past charitable donations, donors don’t need to itemize to support their favorite nonprofit and secure a tax benefit.

***Please note:*** The law may impact you differently depending on your individual tax situation, always consult your tax advisor for specific advice.

**Non-Itemizers (Using the Standard Deduction)**

- Previously, individuals who took the standard deduction were not able to deduct any charitable contributions on their tax return.
- Under the CARES Act, individuals who use the standard deduction are now **eligible** to deduct up to $300 of contributions in computing their Adjusted Gross Income.
  - The contribution must be a cash contribution made in the current tax year.
  - It must be made to a 501(c)(3) public charity.
  - The contribution cannot be made to private foundations, supporting organizations and donor advised funds.
- This deduction is a **permanent** change, and it is only available to individuals who do not itemize.

**Itemizers**

- Individuals who itemize were also given a new deduction opportunity under the CARES Act, however this is **only for the 2020 tax return**.
- Before the CARES Act, individuals who itemized could only **deduct charitable contributions up to 60% of their Adjusted Gross Income (AGI)**.
  - Any excess would be carried forward to use in a future year.
- For 2020, itemizers will be able to **deduct contributions up to 100% of their AGI**.
  - The contribution must be a cash contribution made in the current tax year.
  - It must be made to a 501(c)(3) public charity.
  - No more than 40% of 2020 charitable contributions may be made to private foundations, supporting organizations and donor advised funds.
- This new 100% limit is applied after considering all other Adjusted Gross Income limits on non-cash contributions/carryforwards.
- Any excess cash contributions not deducted in 2020 can be carried forward.
  - Will be subject to the 60% of Adjusted Gross Income limit in the following five years.

Source: [CARES Act: New Opportunities to Incentivize Charitable Giving](https://www.kresge.org/caregiving/new-opportunities-incentivize-charitable-giving), The Kresge Foundation