



## **New Tax Advantages for Donors**

There are new financial incentives for Americans to give generously to qualifying charities. The new universal tax break for charitable donations was included in the final \$2 trillion COVID-19 stimulus package and goes into effect starting with the 2020 tax year.

The measure grants taxpayers an above-the-line deduction for up to \$300 in charitable donations given in 2020. For example, if you take the standard deduction and give \$300 to charity, you will get a \$300 tax break in addition to the standard deduction.

Now is the perfect time to take advantage of this “above-the-line” opportunity and give to qualifying charities providing critical services to Manitowoc County during this health and economic crisis.

Here is the tax benefit break down for those taking standard deductions, itemized deductions and corporate giving:

### **Standard Deduction**

For people who take the standard deduction, the CARES ACT allows you to take a tax deduction for cash contributions made to qualified charitable entities up to \$300 per year starting in 2020 – this deduction is “above-the-line.” The 2020 standard deduction is \$12,400 for individuals and \$24,800 for married couples filing jointly. Therefore, any cash donation to qualifying charities of up to \$300 will be added to the standard rate of deduction. This deduction applies for 2020 and beyond.

### **Itemized Deduction**

For people who file for itemized deductions, the CARES ACT allows you to take a tax deduction of up to 100% of your Adjusted Gross Income (AGI) for cash contributions to qualifying charities starting in 2020. The new law temporarily lifts the limits on charitable giving from 60% of a taxpayer’s AGI to 100% for 2020.

### **Corporate Donations**

For corporate donors, the CARES ACT allows an entity to take a tax deduction of up to 25% of their Adjusted Tax Income for cash contributions to qualifying charities starting in 2020. The new law temporarily lifts the limits from 10% of adjusted taxable income to 25% for 2020.