



## **Re: CARES Act: Increased Deduction Limits for Charitable Contributions**

Dear Client:

The Coronavirus Aid, Relief, and Economic Security (CARES) Act offers enhanced tax incentives for making charitable contributions for the 2020 tax year.

### **Individuals**

In general, the itemized charitable deduction for individuals is limited to a percentage of the taxpayer's adjusted gross income (AGI). The percentage is determined by the type of organization receiving the donation and the type of property donated. For the 2020 tax year, individuals can claim an unlimited itemized deduction for charitable contributions which are normally limited to 50 percent of AGI.

Also, beginning in tax year 2020, an individual who does not itemize deductions can deduct up to \$300 in charitable contributions made to churches, nonprofit schools, nonprofit medical institutions, and other organizations as an above-the-line deduction in calculating adjusted gross income. This allows an individual to claim a deduction for a charitable contribution even if the individual does not itemize deductions.

### **Corporations**

A corporation's deduction is generally limited to 10 percent of the corporation's taxable income, computed with certain adjustments. The percentage limit was temporarily waived for qualified contributions made by a corporation after December 31, 2017, and before February 19, 2020, for relief efforts in qualified disaster areas. Under the CARES Act, the percentage limitation on the charitable contribution deduction for corporations is increased to 25 percent for the 2020 tax year.

If you would like more information on how you may benefit from the modifications to the charitable contribution limits, please call our office. We are here to help you.

Sincerely,

Green & Miller, P.C.