



# COVID-19 (Coronavirus)

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## Generosity Opportunities Under the CARES Act Stimulus Bill

By David Duncan

In the midst of a global pandemic declared by the World Health Organization (WHO), we wanted to share a few insights and recommendations for pastors and church leaders navigating these unsettling times.

## **\$300 Above-the-Line Charitable Deduction**

Every taxpayer—whether you itemize or not—can take a deduction for up to \$300 in cash gifts made when you file your taxes for 2020.

- Gifts must be made in cash
- Gifts must be to a public charity (not a private foundation or donor advised fund)
- Gifts must be made in 2020
- Charitable deduction is in addition to the standard deduction

## **Percentage Limitation for Cash Gifts by Itemizers Lifted**

Individuals who itemize when filing their 2020 tax return can deduct up to 100% of the adjusted gross income. This is a significant increase from 60% of adjusted gross income (AGI) deduction limitation in 2019. In addition, excess contributions can be carried forward for up to five years (subject to the prior 60% AGI limit).

- Gifts must be made in cash
- Gifts must be made to a public charity (not a private foundation or donor advised fund)
- The increased deduction must be elected on the tax return

**Note:** You will want to consult your own advisor for the most accurate, up-to-date information. Noncash contributions may affect the use of this deduction for cash gifts.

## **Limitations on Gifts to Charity from Qualified Retirement Plans Suspended**

Due to the unlimited charitable deduction allowed for cash gifts to charity this year, if you have qualified retirement assets in excess of anticipated future needs, you may request your IRA manager sell assets and distribute the proceeds to you in cash. You can then donate the cash to charity, receiving an offsetting income tax deduction for the full amount.

## **Corporate Cash Contribution Limitation Increased**

If you have a business and make charitable gifts of cash from your corporation, in 2020 the deduction limitation for these gifts has been increased from 10% to 25% of taxable income.

As with all financial decisions, you should consult your financial advisors for specific application of these opportunities to your personal situation. However, if you have questions or want to learn about creative giving opportunities, we would love to have a conversation. You can reach us at 855.266.4774.