

The sudden and severe impact of the novel coronavirus (COVID-19) pandemic has created much financial stress, but the crisis has also generated an intense need for charitable action. If you're able to continue donating during this difficult period, the Coronavirus Aid, Relief, and Economic Security (CARES) Act may make it a little easier for you to do so, whether you're a small or large donor.

Tax Benefits

From an income tax perspective, the CARES Act has expanded charitable contribution deductions. Individual taxpayers who don't itemize can take advantage of a new, above-the-line \$300 deduction for cash contributions to qualified charities in 2020. "Above-the-line" means the deduction reduces adjusted gross income (AGI). You can take this in addition to your standard deduction.

For larger donors, the CARES Act has eased the limitation on charitable deductions for cash contributions made to public charities in 2020, boosting it from 60% to 100% of AGI. There's no requirement that your contributions be related to COVID-19.

Careful Steps

To be able to claim a donation deduction, whatever the size, you need to ensure you're giving to a qualified charity. You can check a charity's eligibility to receive tax-deductible contributions by visiting the IRS's [Tax-Exempt Organization Search](#).

If you're making a large gift, it's a good idea to do additional research on the charities you're considering so you can make sure they use their funds efficiently and effectively. The IRS tool provides access to detailed financial information about charitable organizations, such as Form 990 information returns and IRS determination letters. Even if a charity is financially sound when you make a gift, there's no guarantee it won't suffer financial distress, file for bankruptcy protection or even cease operations down the road. The last thing you likely want is for a charity to use your gifts to pay off its creditors or for a purpose unrelated to the mission that inspired you to give in the first place.

One way to manage these risks is to restrict the use of your gift. For example, you might limit the use to assisting a specific constituency or funding medical research. These restrictions can be documented in a written gift or endowment fund agreement.

Generous Impact

Indeed, charitable giving is more important than ever. [Contact us](#) for help allocating funds for a donation and understanding the tax impact of your generosity.