Charitable Contribution Incentives

Allowance of Partial Above the Line Deduction for Charitable Contributions
The provision encourages individuals to contribute to religious, charitable and educational organizations by creating a new “above the line” deduction (i.e. for taxpayers who take the standard deduction). This deduction will permit them to deduct up to $300 of annual monetary contributions. This is applicable for tax years beginning after 2019 and does not sunset after 2020 like the increased limits described below.

Modification of Limitations on Charitable Contributions during 2020
The provision increases the limitations on deductions for charitable contributions by individuals who itemize, as well as corporations. Such cash contributions must be made during 2020, and this provision does not extend the due date of the 2020 tax return.

For individuals, the 60-percent of adjusted gross income limitation is suspended for cash contributions made in 2020. For corporations, the 10-percent limitation is increased to 25 percent of taxable income for cash contributions made in 2020. This provision also increases the limitation on deductions from 15- percent to 25-percent of net income for corporate food donations made during 2020.