



## 2020 Charitable Giving Tax Benefits

As part of the federal COVID-19 Stimulus Package / CARES Act, there are certain 2020 tax benefits available to those who make charitable contributions this calendar year.

**New deduction available for donors who do not itemize:** Up to \$300 per taxpayer (\$600 for a married couple) in annual charitable contributions. This is available only to **people who take the standard deduction**. It is an “above the line” adjustment to income that will reduce a donor’s adjusted gross income (AGI), and thereby reduce taxable income. A donation to a donor advised fund (DAF) does not qualify for this new deduction.

**New charitable deduction limits up to 100% of adjusted gross income:** Individuals and corporations that itemize can deduct much greater amounts of their contributions. Individuals can deduct donations **up to 100% of their 2020 AGI** (up from 60% previously). **Corporations may deduct up to 25%** of taxable income, up from the previous limit of 10%. The new deduction is for gifts that go to a 501 ( c ) 3 public charity like Interfaith Ministries. The old deduction rules apply to gifts to private foundations. The higher deduction does not apply to donations directly to a donor advised fund (DAF) or to gifts of appreciated stock. If your assets are substantial enough that you can give more than your income this year, you can carry any excess deduction forward to 2021 and not lose any benefit.

**Required minimum distributions waived for most donors:** Required minimum distributions (RMD’s) for individuals over age 70 ½ that would have had to start in 2020 **do not have to start until 2021**, including distributions from defined benefit pension plans and 457 plans. Making a qualified charitable distribution this year will still allow itemizers and non-itemizers alike to direct up to \$100,000 from their IRA to charities in a tax efficient manner. The RMD is an attractive way for donors to make a significant charitable gift directly from their IRA to a charity through a qualified charitable contribution (QCD) while avoiding taxable income.

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