

## **Charitable deductions in the CARES Act**

Several charitable giving benefits are included in the CARES Act, and the Jacobson Memorial Hospital Foundation reminds supporters about the benefits of giving to obtain tax benefits.

The Coronavirus Aid, Relief and Economic Security Act, also known as the CARES Act, is an economic stimulus bill passed by the U.S. Congress in March in response to the economic fallout of the COVID-19 pandemic in the United States.

According to the N.D. Community Foundation website, charitable giving benefits in the Act include:

- A new charitable deduction is available in the CARES Act to taxpayers who do not itemize their deductions. This new benefit, also referred to as a universal deduction, allows for a charitable deduction of up to \$300. This is an above-the-line deduction from the taxpayer's income prior to the calculation of the adjusted gross income. This is the one charitable giving benefit that will extend beyond the 2020 tax year.
- Individual taxpayers who DO itemize their deductions can now deduct 100 percent of their adjusted gross income. Prior to the CARES Act, the deduction for qualified charitable contributions made by itemizing individual donors was limited to 60 percent of their adjusted gross income.
- Corporations can now deduct up to 25 percent of their taxable income for charitable contributions, up from 10 percent before the CARES Act.

For a charitable donation to qualify as one of these special deductions, it must meet some general requirements:

- It must be a cash or check donation, not a donation of property or marketable securities.
- The donation must be made, in almost all cases, to a public charity - not a private foundation or supporting organization.
- The donation cannot be made to a Donor-Advised Fund (DAF).
- To qualify for the enhanced deduction limits of 100 percent for itemizing individual taxpayers and 25 percent for corporations, the charitable contributions must be made during the 2020 calendar year. The \$300 individual taxpayer above-the-line charitable deduction is understood to extend beyond the 2020 tax year.

The donation does NOT have to go to an organization or cause specifically related to COVID-19 relief efforts.

If you would like to donate to the Jacobson Memorial Hospital Foundation, checks may be sent to: JMHF, PO Box 367, Elgin, ND 58533.

*The Jacobson Memorial Hospital Foundation does not offer legal or tax advice. This article is meant to provide general information about the charitable-giving deductions included in the CARES Act. The Foundation recommends that any prospective donor consult his or her tax or legal advisor before entering into a giving program.*