

# FUNDRAISING DURING COVID-19

## THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES ACT)

At the end of March, the U.S. federal government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, a \$2 trillion economic stimulus package. It included expanded charitable giving incentives to help spur immediate relief for nonprofits. Listed below are a few of the most impactful items related to charitable giving.

<i>Household Considerations</i>	<i>How does this impact my donor's giving?</i>
<p><b>Stimulus Checks (Recovery Rebates)</b></p> <p>Most U.S. residents with adjusted gross income up to \$75k (\$150k married) will receive up to \$1,200 (\$2,400 married) + \$500 per child. For example, a typical qualifying household with two parents and 2 children will receive \$3,400.</p>	<p>Many nonprofits have seen an increased demand for their mission, and potentially increased expenses. One way to stimulate the economy is for supporters to consider donating a portion of their stimulus check(s) to ensure these vital missions continue to serve the community.</p>
<p><b>\$300 Universal Charitable Giving Deduction</b></p> <p>Generally, taxpayers must itemize their deductions to take advantage of charitable deductions. This itemized deduction requirement is eliminated for charitable deductions of up to \$300 for most contributions for the 2020 tax year.</p>	<p>Cash donations to a nonprofit during 2020 will count towards this special new "universal" deduction. Even if a donor does not itemize, he/she can still apply up to \$300 of their nonprofit giving on top of their standard deduction, providing an extra tax benefit for this year.</p>
<p><b>Cap on Charitable Giving Itemized Deductions Increased to 100% of Adjusted Gross Income</b></p> <p>Taxpayers who itemize their charitable giving contributions can deduct up to 100% of adjusted gross income in 2020. This is significantly more than the previous 60% cap.</p>	<p>If a donor itemizes deductions on their 2020 tax return, cash donations to a nonprofit could reduce a donor's current year tax burden more significantly than normal. This added tax benefit may provide an opportunity to substantially increase a donor's giving power during 2020.</p>

<i>Corporation Considerations</i>	<i>How does this impact a company sponsor?</i>
<p><b>Cap on Corporation Charitable Giving Deductions Increased to 25% of Adjusted Gross Income</b></p> <p>Corporation charitable giving contributions can deduct up to 25% of adjusted gross income in 2020. This is a significant increase above the previous 10% cap.</p>	<p>Cash donations to a nonprofit could reduce a sponsor company's current year tax burden more significantly than normal. This added tax benefit may provide an opportunity to substantially increase a sponsor company's giving power during 2020.</p>

Additional details can be found at <https://afpglobal.org/news/cares-act-charitable-giving-incentives>.