

PITTSBURGH PLANNED GIVING COUNCIL

LEGISLATIVE UPDATE

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FEBRUARY 2021

Last year, Congress passed the CARES Act in response to the Covid-19 pandemic. Under the CARES Act, donors who are otherwise not able to itemize deductions in 2020 may be able to take a charitable deduction of up to \$300 for cash contributions made in 2020.

The Consolidated Appropriations Act ("CAA") signed into law on December 27, 2020, has provisions similar to the CARES Act beneficial to certain tax-exempt, charitable organizations permitted to solicit donations. For 2021, the CAA, like the CARES Act, allows a \$300 above-the-line deduction for individuals who do not otherwise itemize deductions. A significant change in the CAA from the CARES Act is that the CAA now allows those who are married and filing joint returns to claim an above-the-line deduction of \$600 in 2021. The CARES Act included such a deduction to only \$300 per tax return filed, thus limiting the amount of the above-the-line deduction for married couples filing a joint return. As a result of the CAA, married couples who file joint returns may consider increasing their 2021 donations made to tax-exempt organizations. Also, the CAA also continues the ability of itemizers to deduct charitable contributions up to 100% of adjusted gross income. Fundraising efforts may wish to highlight these changes to educate taxpayers to increase their charitable giving in 2021.

As with the CARES Act, the CAA also has other provisions which may be of benefit or indirect benefit to tax-exempt organizations. One such provision includes changes to the Paycheck Protection Program, also referred to as PPP. Other provisions include changes to stimulus payments, unemployment compensation and various tax credits. Some of the changes to tax credits include the employee retention credit as well as tax credits for employers offering qualified paid sick and family leave. While these changes may not directly benefit a tax-exempt organization, tax-exempt organizations can make employees, donors and others aware of these tax credits to incentivize donors to support their missions.

Please do not hesitate to contact us if you have any questions on this matter or other matters related to your charitable organization.