

COVID 19 Charitable Contributions for 2020

Charitable Contributions

I want to help people who are suffering from the pandemic. Does the bill do anything about charitable donations?

Yes. The bill makes a new deduction available — and not just for 2020 — for up to \$300 in annual charitable contributions. It's available only to people who don't itemize their deductions, and you calculate this new one by subtracting the amount you give from your gross income.

To qualify, you have to give cash to a qualified charity and not to a donor-advised fund, which is a charitable account that affluent people often use to bunch contributions in a particular year in order to maximize deductions. If you've already given money since Jan. 1, that contribution counts toward the \$300 cap.

I am lucky to have substantial wealth, and I want to give more to charity than I usually do. Have the limits on charitable deductions changed?

Yes, they have. As part of the bill, donors can deduct 100 percent of their gift against their 2020 adjusted gross income. If you have \$1 million of income, you can give \$1 million to a public charity and deduct the full amount in 2020.

The new deduction is only for cash gifts that go to a public charity. If you give cash to, say, your private foundation, the old deduction rules apply. And while the organizations that manage donor-advised funds are public charities, you do not get the higher deduction for donating cash to your donor-advised fund.

Other Features of the Bill

How does the aid for small businesses and nonprofits work?

Good news here, as you may be eligible for forgivable loans. Our colleague Emily Flitter covered the details in [a separate article](#). Aides to Senator Marco Rubio, Republican of Florida, also wrote a [one-page summary](#) of those provisions.