



The CARES Act

How It Impacts Your Giving

Thanks to the Coronavirus Aid Relief, and Economic Security (CARES) Act, signed into law in March 2020, individual and business donors have access to some unique and potentially impactful tax incentives for charitable giving in 2020. Below you will find examples of a few notable opportunities created by the CARES Act, which may be of interest to you or someone you know. The window for taking advantage of these changes closes December 31.

Tax Incentives to Maximize Your Impact

Universal Deduction for Donations Up to \$300: A Special Incentive for Non-Itemizers

Even if you take the standard deduction on your 2020 federal tax return, the CARES Act allows you to claim a one-time “universal” deduction for gifts to charity. Individuals can claim a deduction up to a total of \$300, married couples filing jointly can claim up to \$600.

Increased Charitable Deduction Cap: Give Big, Benefit Big

If you itemize deductions on your federal tax return, the CARES Act raises the 60% adjusted gross income (AGI) limit for cash donations, enabling individual and joint filers to deduct up to 100% of their AGI. That means it’s possible to have zero taxable income in 2020 if you really give big!

**Note: The 100% AGI limit for 2020 does not apply to gifts of securities or to cash donations made to establish planned gifts such as those qualifying for the Montana Endowment Tax Credit.*

It also does not apply to contributions to Donor Advised Funds or to Private Foundations.

For corporate donors, the charitable deduction cap has been raised for 2020, from 10% AGI up to 25%. Since cash donations from corporations do qualify for the Montana Endowment Tax Credit up to \$10,000 per year, this provides an excellent opportunity for business owners to leverage the benefit while increasing charitable impact in their communities.

**The information in this publication is not intended as legal or tax advice. For legal or tax advice, please consult your attorney and/or tax professional.*

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