

501(c)(3) Nonprofit Organizations Update: CARES Act

501(c)(3) Nonprofit Organizations Update: CARES Act and Importance of Developing Comprehensive Charitable Giving Opportunities During COVID-19 Pandemic

On March 27, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The CARES Act included provisions enhancing the opportunities for individuals and corporations to make charitable contributions.

Under Section 2204 of the Act, taxpayers will be able to claim up to \$300 for qualified contributions made to a charity this year as a deduction from their gross income if they take the standard deduction on their 2020 tax return. This deduction will reduce the amount of taxable income to a donor. The percentage of taxpayers itemizing deductions fell by more than half since the passage of the 2017 Tax Cuts and Jobs Act, impacting annual giving for charities. This measure will provide an incentive for donors.

Section 2205 of the CARES Act also increases the limitations on deductions for charitable contributions by individuals who itemize, as well as corporations. For individuals, the cap for cash contributions, previously limited to sixty percent (60%) of a person's adjusted gross income in a year, now has no limitation. For corporations, the ten percent (10%) limitation is increased to twenty-five percent (25%) of taxable income. Organizations should take this opportunity to inform donors about these changes.

Additionally, organizations heavily reliant on event fundraising are now seeing a demonstrated need to enhance or initiate annual and deferred giving programs to replace lost revenues, both immediately and to plan for the future. Our Charitable & Nonprofit Organizations team advises charitable clients with regard to the formation of these important fundraising programs. These services, recommended when starting or evaluating a program, include:

- Ways to maximize charitable giving strategies in light of tax benefits
- Reviewing or drafting gift acceptance policies and procedures
- Reviewing procedures related to proper receipting and processing of gifts for donors
- Trainings related to charitable giving, including ways to give
- Endowment management and gift agreements
- Advice related to tax benefits for complex gifts
- Administration of bequests and probate issues
- Drafting appropriate messaging and marketing to donors
- Minimizing risk to nonprofit organizations

Partridge Snow & Hahn's [Charitable & Nonprofit Organizations Group](#) is ready to answer questions and to provide advice on how to address general and specific risks posed by the coronavirus.

Date Created

March 29, 2020