

# CARES Act: Above the Line Deduction for Charitable Contributions

The Coronavirus Aid, Relief, and Economic Security (CARES) Act offers enhanced tax incentives for making charitable contributions for the 2020 tax year including an above-the-line deduction for individuals who do not itemize.

In general, the itemized charitable deduction for any tax year is limited to a percentage of the taxpayer's adjusted gross income (AGI). The percentage is determined by the type of organization receiving the donation and the type of property donated. For the 2020 tax year, individuals can claim an unlimited itemized deduction for charitable contributions which are normally limited to 50 or 60 percent of AGI.

Also, beginning in tax year 2020, an individual who does not itemize deductions can deduct up to \$300 in charitable contributions made to churches, nonprofit schools, nonprofit medical institutions, and other organizations as an above-the-line deduction in calculating adjusted gross income. This allows an individual to claim a deduction for a charitable contribution, even if the individual does not itemize deductions.

If you would like more information on how you may benefit from the modifications to the charitable contribution limits and the above-the-line deduction, please call our office. We are here to help you.