

# Charitable Act

## (S.566/H.R.3435)

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### The Issue

While the tax code incentivizes charitable giving for some taxpayers, the 85% of Americans who do not itemize their taxes are unable to benefit from the charitable deduction. This is bipartisan legislation that would create a temporary charitable deduction for nonitemizers set at one-third the standard deduction for the 2023 and 2024 tax years. This legislation would recognize all Americans for their charitable giving and would incentivize additional giving at a time when nonprofits desperately need it.

### Impact on Nonprofits

Even as COVID-19 restrictions lift and the public emergency officially comes to an end, compounding crises mean community needs continue to be very high. But with many nonprofits struggling just to keep their doors open, Congress must do more to encourage all Americans to give what they can to support these organizations' critical work.

The charitable deduction is a key mechanism for incentivizing charitable giving: in 2020, Congress passed a temporary charitable deduction for nonitemizers as part of COVID-19 relief legislation. Individual gifts of \$300, the exact amount of the temporary deduction, increased by 7.5% in both 2020 and 2021. By reinstating the charitable deduction for nonitemizers and increasing it to one-third the standard deduction, S.566/H.R.3435 could open the doors for billions of dollars to flow into the communities that need them most.

### Council on Foundations Position

The Council supports expanding charitable giving by enacting policies that encourage more individuals to donate and fairly recognize all who contribute to nonprofit organizations. **The Council strongly supports this bill.**

### Bill Summary

Introduced in the Senate by Sen. James Lankford (R-OK) and Sen. Chris Coons (D-DE) and in the House by Rep. Blake Moore (R-UT) and Rep. Danny Davis (D-IL), the Charitable Act would:

- Restore the nonitemizer charitable deduction and increase it to 1/3 the standard deduction for the 2023 and 2024 tax years.
- Include contributions made to donor-advised funds.