CARES Act Charitable Tax Incentives Extended Through 2021

Some of the charitable benefits included in the CARES Act (Coronavirus Aid, Relief, and Economic Security Act) passed on March 27, 2020, have been extended through the 2021 calendar year. These two important charitable benefits provide donors several unique opportunities in 2021 when considering philanthropic support to charities of their choice.

1. An expansion of the universal charitable deduction for cash gifts

The universal charitable deduction has not only been extended but given a well-deserved upgrade. The new deduction is \$300 for single filers and \$600 for married couples filing jointly. This is available to taxpayers who take the standard deduction. This tax incentive is available for cash gifts to qualified charities like Lake Ridge Academy (but not to supporting organizations or donor advised funds).

2. An extension of the cap on deductions for cash contributions

Contributions to non-profits, like Lake Ridge Academy, are generally limited to a percentage of a taxpayer's adjusted gross income (AGI). The CARES Act lifted the cap on annual contributions for those who itemize, increasing it from 60% to 100% of AGI for 2020 (and now for 2021). Any excess contributions available can be carried over to the next five years. For corporations, the law raised the annual limit from 10% to 25% of taxable income.

The information in this publication is not intended as legal or tax advice. For such advice, please consult an attorney or tax advisor.