

Massive Relief Package Includes Temporary Universal Charitable Deduction

Last night, the U.S. Senate passed the third major piece of legislation addressing the impacts of the COVID-19 pandemic. The \$2 trillion package, the largest emergency relief legislation in history, includes several provisions aimed at boosting charitable giving and supporting the nonprofit organizations during a time of unprecedented crisis.

The bill, which is expected to be passed by the House on Friday morning and is supported by the White House, includes the following provisions:

- Creates a temporary universal charitable deduction for non-itemizers, for cash donations only, capped at \$300. This provision excludes gifts to donor-advised funds and 509(a)(3) supporting organizations. However, it does not exclude gifts given directly to community foundations.
- Temporarily suspends current AGI limits for charitable deductions for cash gifts made by individuals and businesses. This provision also excludes gifts to donor-advised funds and 509(a)(3) supporting organizations.
 - *For individuals:* Total charitable contributions can be deducted up to 100 percent of the taxpayer's adjusted gross income, up from 60 percent.
 - *For corporations:* Charitable contributions can be deducted up to 25 percent of taxable income, up from 10 percent.
- Allows nonprofit organizations (including foundations) with fewer than 500 employees to access \$350 billion in loans from the Small Business Administration.
 - If conditions are met, a portion of these loans can be forgiven.
 - Treasury Secretary Steven Mnuchin said these loans will become available within a week.
- Provides fully refundable tax credits to nonprofits (including foundations) that are subject to a shut-down order and have lost 50 percent of revenue compared with last year.
 - They can receive up to a \$5,000 per employee tax credit.
 - Tax credits could be applied against payroll taxes to provide an immediate benefit.
 - Employers CANNOT take both the tax credit and SBA loans.

Treasury Secretary Steven Mnuchin has indicated this bill is meant to bridge the economic fallout from the coronavirus for the next 10 to 12 weeks, and congressional leadership has said they're already looking ahead to a fourth bill to provide further economic relief.

We will keep you updated on this legislation and future bills affecting the charitable sector during this crucial time. ***Keep an eye on your email and SECF.org for further updates!***

If you have questions about SECF's public policy work or would like support engaging with policymakers, please contact Jaci Bertrand, SECF's vice president of member engagement, at jaci@secf.org.

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