



The Charitable Giving Coalition urges you to support the renewal of the universal charitable deduction to encourage all taxpayers to give more to charity as nonprofits and faith-based organizations continue to support their communities during uncertain times.

The Charitable Deduction Works

- Generous Americans gave almost \$485 billion to charity in 2021. Charitable dollars are essential to maintaining a healthy civil society, vital to both nonprofit charities and local governments that depend on these resources to achieve their critical missions.
- The charitable deduction is **good tax policy** – it encourages individuals to **give away** more of their income, devoting it to their community’s needs rather than their own. A simple calculation shows that those in need receive at least \$2.50 in benefit for every \$1 of tax benefit. This is an impressive return on investment.
- Under current law, about 88% of taxpayers don’t itemize, meaning only about 12% of taxpayers have a tax incentive to increase their donations to important causes.

Small Charitable Gifts Increased After Enactment of Temporary Universal Charitable Deduction

- In March 2020, Congress enacted a \$300 charitable deduction for cash gifts from nonitemizers for 2020 and in December 2020 extended its availability through 2021 and increased the cap to \$600 for joint filers. Thereafter, the amount of small gifts – especially those of \$300 and \$600 – saw a significant increase.
- Data from the Fundraising Effectiveness Project (FEP) shows an increase of 7.5 percent in individual gifts of \$300 in both 2020 and 2021, compared to 2019. Additionally, gifts of \$600 increased 5 percent in 2021, compared to 2019, the exact amount of the universal charitable deduction for joint filers that expired at the end of 2021. There are many factors that contribute to increased donations, but one contributing factor was likely the availability of the charitable deduction to nonitemizers.
- While gifts of smaller amounts increased in 2020 and 2021, overall giving trends did not keep pace with inflation. According to the 2022 Giving USA report, total giving reached \$484.85 billion in 2021, but when adjusted for inflation, this was a 0.7 percent decrease compared to 2020. Individual giving also remained flat when adjusted for inflation, totaling \$326.87 billion¹.

Congress Should Renew the Universal Charitable Deduction and Enact the Universal Giving Pandemic Response and Recovery Act (S. 618, H.R. 1704)

- Unfortunately, the temporary provision expired at the end of last year and has yet to be renewed. To ensure all taxpayers continue to have access to giving incentives, Congress should renew and expand the universal charitable deduction. This will help charitable organizations achieve their missions and support their workforces and communities amid high inflation and an uncertain economic outlook.
- Congress can help alleviate some of the pressure the sector is facing by enacting the Universal Giving Pandemic Response and Recovery Act led by a bipartisan, bicameral group of lawmakers, including Sens. James Lankford (R-OK), Chris Coons (D-DE), Mike Lee (R-UT), Jeanne Shaheen (D-NH), Tim Scott (R-SC), Amy Klobuchar (D-MN), Susan Collins (R-ME), Catherine Cortez Masto (D-NV), and Reps. Chris Pappas (D-NH) and Jackie Walorski (R-IN). The legislation would raise the \$300/\$600 cap to roughly \$4,000 for individuals/\$8,000 for couples, renew the availability of the deduction through the 2022 tax year, and make gifts to donor-advised funds eligible for the universal charitable deduction.
- This legislation will democratize giving by further incentivizing all American taxpayers—regardless of income—to give to charity, thereby ensuring that our country retains a strong and independent civil society. It will provide needed resources for charitable and faith-based organizations to continue providing vital services to families, workers, and communities, especially those critically impacted by the pandemic and economic uncertainty.

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¹ Giving USA 2022: The Annual Report on Philanthropy for the year 2021. Published by the Giving USA Foundation.