

Remind Donors About the Special Charitable Tax Benefit Available Through December 31, 2021

By Ted R. Batson, Jr., Partner, Tax Counsel, and Professional Practice Leader

Now is a good time to remind your donors who do not itemize their deductions that they could receive a charitable contribution deduction of up to \$600 on cash donations made to qualifying charitable organizations by the end of 2021. According to the IRS, nearly nine in 10 taxpayers could potentially qualify for this pandemic-related benefit.

Under a special charitable deduction tax rule, married couples filing jointly can deduct up to \$600 in cash donations and single taxpayers and married individuals filing separately can deduct up to \$300.

Taxpayers do not need to itemize deductions on their tax returns to take advantage of this special benefit. Instead, they can claim a limited deduction on their 2021 federal income tax returns for cash contributions made to qualifying charitable organizations by December 31, 2021.

Cash contributions include:

- Donations made by check, credit card, or debit card
- Amounts an individual incurs for unreimbursed out-of-pocket expenses connected with their volunteer services to a qualifying charitable organization

The following do *not* qualify for a deduction:

- The value of volunteer services, securities, household items, or other property
- Contributions made to supporting organizations or to establish or maintain a donor-advised funds
- Contributions carried forward from prior years
- Contributions made to most private foundations
- Cash contributions to charitable remainder trusts or charitable lead trusts

A more limited version of this temporary tax benefit originally applied only to contributions made in 2020. It was extended through the end of 2021 by the Taxpayer

Certainty and Disaster Tax Relief Act of 2020, which was enacted in December 2020.

Please [contact us](#) with any questions.

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About the Author

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A certified public accountant and licensed attorney, Ted advises exempt organizations of all sizes on a wide range of tax matters, including representation before state and federal tax authorities and assistance with firm audit or advisory engagements to formulate advice and counsel on important operating and tax issues. In addition to tax advisory services, Ted leads the firm's tax preparation practice, including IRS Forms 990 and 990-T and related state forms. He also serves as an Advisor-at-Large for Church Law & Tax and as a member of the Missio Nexus Mission Finance and Administration Planning Committee.

Note: Although licensed to practice law in Indiana, Ted's services through CapinCrouse do not involve the practice of law and consequently do not result in the creation of an attorney-client relationship.

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