

Davenport Asset Management presents:

Virtual Investor Summit Series

The Current State of Philanthropy:

Recent Tax Law Changes Affecting Charitable Giving

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Income Tax Charitable Deduction Rules before the 2017 Tax Act

- Donors must itemize deductions
- Overall limit on itemized deductions – the “Pease Amendment”
- 50% limit on cash gifts to 50%-type organizations
- 30% limit on appreciated property gifts to 50%-type organizations
- 30% limit on cash gifts to private foundations
- Five-year carryover for amounts that cannot be deducted because of percentage limitations
- Special rules for gifts of:
 - Appreciated property to private foundations
 - Tangible personal property
 - Ordinary income property

2017 Tax Act Changes Affecting the Income Tax Charitable Deduction

- Annual limit on cash contributions to public charities increased from 50% to 60%...maybe
- Repeal of the “80/20 Rule”
 - Deduction for amounts paid in exchange for college athletic seating rights is repealed for contributions after 2017
 - Change is permanent



Other 2017 Tax Act Changes Anticipated to Affect Charitable Giving

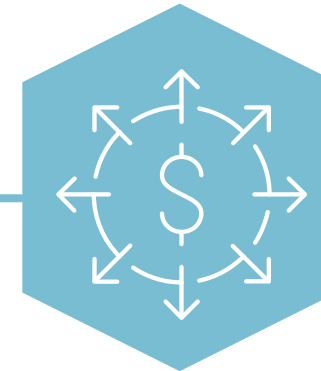
- Modification of Income Tax Rates
- Pease Amendment that affected certain higher income taxpayers is suspended until 2026
- Standard deduction doubled and personal exemption eliminated
- Other itemized deductions repealed
- Estate and gift tax exclusion amount and GST exemption doubled
- These changes apply through 2025





Limited Charitable Deduction for Non-Itemizers

- New partial above-the-line deduction for cash contributions up to \$300 to certain charitable organizations
- Applies to cash contributions in 2020
- Cannot be made to private non-operating foundations, supporting organizations, and donor advised funds.



Increase of AGI Ceiling for Certain Cash Contributions of Itemizers

- Increased the AGI ceiling for itemizers making cash contributions during 2020 to 100% of AGI.
- Cannot be made to private non-operating foundations, supporting organizations, and donor advised funds.

December 2020 COVID Relief



Increased the above-the-line deduction from \$300 to \$600 for joint filers in 2021 and extended the deduction through 2021.



Extended the increased AGI ceiling for itemizers making cash contributions of 100% through 2021.

Impact of Income and Transfer Tax Changes on Charitable Giving

- Concern: 2017 changes will have a significant impact on charitable giving
- Lower income tax rates: Significant enough to affect a taxpayer's giving?
- Increase in standard deduction and loss of or reduction in other itemized deductions: Reduces itemizers from about 30% of taxpayers to 5% of taxpayers
- Repeal of Pease Amendment: Good for itemizers
- Impact of doubled estate and gift tax exclusion: Charitable giving declined in 2010 when estate tax was repealed

Questions?



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For those that have further questions on this topic, you can contact Michele McKinnon directly at the information on this page. For those that have investment related questions, please contact your Davenport advisor or Davenport Asset Management at DAMinfo@investdavenport.com



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