The biggest policy issue that we all need to be aware of right now, is the 2017 Tax Cuts and Jobs Act, aka “Trumps Tax Cut.” This legislation ushered in significant tax code revisions. One of the largest changes for individual taxpayers, is a change to itemized deductions that roughly doubled the threshold before charitable donations can be itemized.

The standard deduction for a couple now has increased to $24,000, which means couples can’t itemize charitable giving until they surpass that threshold in deductions. What that means is that fewer people will be in a position to itemize charitable donations, which could dissuade or reduce end-of-year giving.

The National Council of Nonprofits estimated the increased standard deduction could result in a loss of $13 billion in donations to charitable nonprofits each year. The biggest concerns are for small to mid-sized nonprofits, that rely primarily on small donations from individual taxpayers, who likely won’t have enough deductions to surpass the $24,000 threshold for itemized deductions.

One potential fix to this potentially huge problem, is the Universal Charitable Giving Act of 2017, introduced in late 2017. This bill proposes creating a universal charitable deduction, in addition to the standard deduction, for taxpayers who don’t meet the new, higher itemized deduction threshold. The bills authors have said the bill could undo unintended consequences in the tax bill and allowed donors to continue supporting charitable organizations in their communities. While there remains some hope that bill will be enacted, it has remained stagnant in the Senate Committee on Finance since last November. We will continue to monitor and report on this critical situation as it evolves.

If you would like to learn more about what this might mean to you and your nonprofit organization, there are several places you might look including these links:


https://trust.guidestar.org/how-will-the-new-tax-bill-impact-nonprofits