



CHARITABLE GIVING AFTER THE CONSOLIDATED APPROPRIATIONS ACT OF 2021 (CAA 2021)

Passed on December 21, 2020, the [Consolidated Appropriations Act of 2021 \(CAA 2021\)](#) extends some charitable-giving provisions of the [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#). As required minimum distributions (RMDs) are not mentioned, it appears they are back. Let's examine how this might affect giving in 2021.

After CAA 2021, what are some charitable-giving options that will grant both a tax benefit and a happy heart in 2021?

Give \$300 "above the line" (\$600 for Married, Filing Jointly in 2021)

Generally, a charitable contribution is deductible only if the tax filer itemizes. With the increase in the [Standard Deduction](#), many tax filers choose that over itemizing.

The CARES Act added a \$300 above-the-line charitable contribution that was available to any Single, Household, and Married, Filing Jointly 2020 tax return. For 2021 tax returns, CCA 2021 extends the \$300 deduction for Single filers, and expands it to \$600 for Married, Filing Jointly.

The charitable contribution must be to a public 501(c)(3) organization, such as an educational, religious, animal welfare, or similar organization (not to donor-advised funds (DAFs) or [509\(a\)\(3\) supporting organizations](#)).

In addition, the tax filer cannot receive any benefit from the gift; therefore, a contribution to a fund-raising dinner would not qualify.

The IRS website has a [search tool](#) that will help determine if a charity meets the requirements for deduction.

Give all your income away

For both 2020 and 2021, the [limit on deductions for contributions to qualifying charities](#) does not apply. This rule applies to gifts of cash and the deduction may be for up to 100% of income. For those who want to give a significant gift or more than 60% of their incomes, 2020 and 2021 may be the years to do so.

Qualified Charitable Distributions (QCD)

The CAA 2021 does not mention skipping RMDs. While it is possible later legislation could change this, currently, RMDs are back in 2021.

This means a QCD may be the best way for an individual age 70½ or older to make a charitable contribution to a 501(c)(3) charitable organization. Why? The IRA provider makes the QCD payable to and sends the check directly to the charitable organization. This means the distribution is never included in adjusted gross income (AGI). That helps manage threshold income for [Social Security taxation](#), [Medicare's Income-Related Monthly Adjustment Amount \(IRMAA\)](#), and similar income-based calculations.

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For those who must take RMDs, remember that the IRS considers the first distribution(s) in the year to be the RMD. If a client plans to take advantage of this charitable-giving option, be sure to send the QCD first. And start 2021 with a grateful, giving heart!

Additional Resources and Links

[Consolidated Appropriations Act of 2021](#)

[Special \\$300 tax deduction helps most people give to charity this year – even if they don't itemize](#)

[Giving More Than 60% of Income to Charity](#)

[The Consolidated Appropriations Act of 2021 \(CAA, 2021\)](#)

[CARES Act](#)

[Managing IRA RMDs with QCDs and Roth Conversions](#)

[Managing IRA RMDs with QCDs, Roth conversions, and QLACs](#)

[What Do I Need to Know About the CARES Act](#)

For additional information, please contact
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2 of 2

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