



Charitable Act Fact Sheet

The Charitable Act (S. 566/H.R. 3435) is a bipartisan, bicameral bill to allow individual taxpayers who do not otherwise itemize their tax deductions to take a deduction in taxable years in 2023 or 2024 for charitable contributions. The deduction is limited to one-third of the standard deduction. In the Senate, it was introduced by Senators Lankford (R-OK) and Coons (D-DE) and Representatives Blake Moore (R-UT), Danny Davis (D-IL), Michelle Steel (R-CA), and Chris Pappas (D-NH).

The bill would restore and expand the universal charitable deduction put in place during in 2020 and 2021 and raise the cap from \$300 for individuals (\$600 for joint filers) to approximately \$4,600 for individuals (\$9,200 for joint filers), providing additional incentive for charitable giving.

Charitable Giving and Number of Donors Has Decreased Since the Deduction Expired

According to data compiled by AFP's Fundraising Effectiveness Project (FEP), the number of small donations in the \$300-\$600 range went up by nearly 11% over the course of 2020 and 2021, while the deduction was in effect. However, in 2022, there was a 5% decline in the number of small donations as the deduction was allowed to expire.

- For 2022, after the temporary universal charitable deduction expired, the FEP data found that total dollars given to charities declined, while the overall number of donors sharply declined by 10 percent.
- IRS tax data of 2020 individual tax returns reinforce FEP's findings. In 2020, taxpayers used the temporary universal charitable deduction to give \$10.9 billion to charities; a quarter of Americans taking that \$300 deduction made less than \$30,000.

The Charitable Deduction Works

Generous Americans have given more than \$400 billion annually for the past 10 years. 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 \$2.50 in benefit for every \$1 of tax benefit. This is an impressive return on investment.

Congress Should Enact the Charitable Act

Congress can do more to make giving incentives fair for all taxpayers and to strengthen and expand this incentive. This will help charitable organizations achieve their missions and support their workforces and communities.

This legislation will democratize giving by further incentivizing all American taxpayers—regardless of their income—to give to charity, thereby ensuring that our country retains a strong and independent civil society. And it will provide needed resources for charitable and faith-based organizations to continue providing vital services to families, workers, and communities. AFP is a leading supporter of the Charitable Act and has been joined by more than 450 national organizations.

Please cosponsor the Charitable Act and push for its enactment!