



Charitable Act (2023) Fact Sheet

S.566/H.R 3435, the Charitable Act, is a bipartisan 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 allowed to such taxpayers.

The Charitable Act is nearly identical to the 2021 Universal Giving Pandemic Response and Recovery Act that failed to pass in 2022. The bill would restore and expand the universal charitable deduction introduced through the CARES Act in 2020 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 in the \$300-\$600 Range Has Decreased Since the Deduction Expired

According to data compiled by AFP's Fundraising Effectiveness Project, 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 as the deduction was allowed to expire.

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, especially those critically impacted by the pandemic and economic conditions.