



Charitable Act Fact Sheet

The universal charitable deduction, which allowed all taxpayers (even non-itemizers) to take a charitable deduction of up to \$300 for an individual and \$600 for a couple, expired at the end of 2021.

The Charitable Act (S. 566/H.R. 3435) is a bipartisan, bicameral bill that would reinstate the deduction, extend it through 2024 and expand it by increasing the amount of the deduction to roughly \$4,600 for individuals and \$9,200 for joint filers. The sponsors are Senators Lankford (R-OK) and Coons (D-DE) in the Senate, and Representatives Blake Moore (R-UT), Danny Davis (D-IL), Michelle Steel (R-CA), and Chris Pappas (D-NH) in the House.

Charitable Deduction Works and Number of Donors Has Decreased Since the Universal 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 for non-itemizers was in effect. 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. While there are many factors that contribute to increased giving, one key factor is clearly the availability of the charitable deduction to nonitemizers.

Last Year's Historic Low Numbers

- 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.
- According to the *Giving USA: Annual Report on Philanthropy, 2022* was one of the worst years in philanthropy history. Giving dropped 10.5 percent after inflation, only the fourth time that donations have fallen since 1956.
- Giving by individuals, who typically provide the bulk of all donations, fell by 13.4 percent after inflation.
- Even as U.S. GDP grew by 2.1 percent, charitable giving as a share of GDP shrunk and charitable giving as a share of personal disposable income dropped to 1.7 percent – a near 30-year low.

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.

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 co-sponsor the Charitable Act!