



EXPAND THE CHARITABLE DEDUCTION

Independent Sector urges Congress:

- Expand the charitable giving incentive to all taxpayers, regardless of whether they itemize their tax return.
- Support other policies that encourage more individuals to give more to charity.

Sources:
Independent Sector, Giving USA 2019;
Network for Good; Indiana University

Background

For over a century, our nation's tax system has encouraged Americans to give back to their communities by providing tax deductions for contributions to charitable organizations. These policies fueled a strong tradition of giving that educated generations, cured diseases, secured voting rights for all Americans, preserved history and cultural heritage, and promoted the health of our nation and communities around the world.

Giving Incentives Are Effective

Unlike other tax incentives, the charitable deduction encourages behavior for which taxpayers receive no tangible benefit. This deduction enriches communities, not individual taxpayers.

While Americans give to charitable organizations for many reasons, studies have shown that tax policy greatly shapes the size and number of charitable donations made by taxpayers.

The power of the incentive can be seen in the timing of charitable giving, with more than 11 percent of annual online charitable donations made on December 29-31.

Encouraging All Taxpayers to Give is Fair

Charitable giving should be for everyone. Currently, the 10% of taxpayers who itemize receive a tangible reminder through the charitable deduction that their gifts count. It is time for Congress to send the same message to the other 90% of Americans.

Expanding giving incentives to all taxpayers creates a fairer system that helps all Americans, regardless of income, give back to their communities.

America's Culture of Giving is At Risk

For every year we have data available since 2002, the percentage of Americans giving to charity has steadily declined, particularly among small- and mid-sized donors.

In 2018 alone, real charitable dollars given by individuals dropped 3.4 percent, and total giving growth failed to keep up with inflation.

Charitable giving is a fundamental part of who we are as a nation, and extending charitable giving incentives to every taxpayer would send a powerful message—especially to younger generations—that charitable giving remains a key American value.

Americans Want to Expand the Charitable Deduction

Seventy-four percent of voters support expanding the charitable deduction to all taxpayers.

Representatives Chris Smith (R-NJ) and Henry Cuellar (D-TX) (H.R. 651) and Representative Danny Davis (H.R. 1260) have introduced legislation that would accomplish this goal.