IRS

Special $300 tax deduction helps most people give to charity this year – even if they don’t itemize

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WASHINGTON — The Internal Revenue Service today reminded taxpayers of a special new provision that will allow more people to easily deduct up to $300 in donations to qualifying charities this year.

Following special tax law changes made earlier this year, cash donations of up to $300 made before December 31, 2020, are now deductible when people file their taxes in 2021.

"Our nation's charities are struggling to help those suffering from COVID-19, and many deserving organizations can use all the help they can get," said IRS Commissioner Chuck Rettig. "The IRS reminds people there's a new provision that allows for up to $300 in cash donations to qualifying organizations to be deducted from income. We encourage people to explore this option to help deserving tax-exempt organizations – and the people and causes they serve."

The Coronavirus Aid, Relief and Economic Security (CARES) Act, enacted last spring, includes several temporary tax changes helping charities, including the special $300 deduction designed especially for people who choose to take the standard deduction, rather than itemizing their deductions.

Nearly nine in 10 taxpayers now take the standard deduction and could potentially qualify for this new tax deduction. In tax-year 2018, the most recent year for which complete figures are available, more than 134 million taxpayers claimed the standard deduction, just over 87% of all filers.

Under this new change, individual taxpayers can claim an "above-the-line" deduction of up to $300 for cash donations made to charity during 2020. This means the deduction lowers both adjusted gross income and taxable income – translating into tax savings for those making donations to qualifying tax-exempt organizations.

Before making a donation, the IRS reminds people they can check the special Tax Exempt Organization Search (TEOS) tool on IRS.gov to make sure the organization is eligible for tax-deductible donations.

Cash donations include those made by check, credit card or debit card. They don't include securities, household items or other property. Though cash contributions to most charitable organizations qualify, some do not. Check Publication 526, Charitable Contributions, and the TEOS for more information.

Though cash contributions to most charitable organizations qualify, those made to supporting organizations and donor-advised funds do not.

The IRS reminds everyone giving to charity to be sure to keep good records. By law, special recordkeeping rules apply to any taxpayer claiming a charitable contribution deduction. Usually, this includes obtaining a receipt or acknowledgement letter from the charity, before filing a return, and retaining a cancelled check or credit card receipt. For details on these recordkeeping rules, see Publication 526, available on IRS.gov.

In addition, the CARES Act includes other temporary provisions designed to help charities. These include higher charitable contribution limits for corporations, individuals who itemize their deductions and businesses that give food inventory to food banks and other eligible charities. For more information about these and other Coronavirus-related tax relief provisions, visit IRS.gov/coronavirus.

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