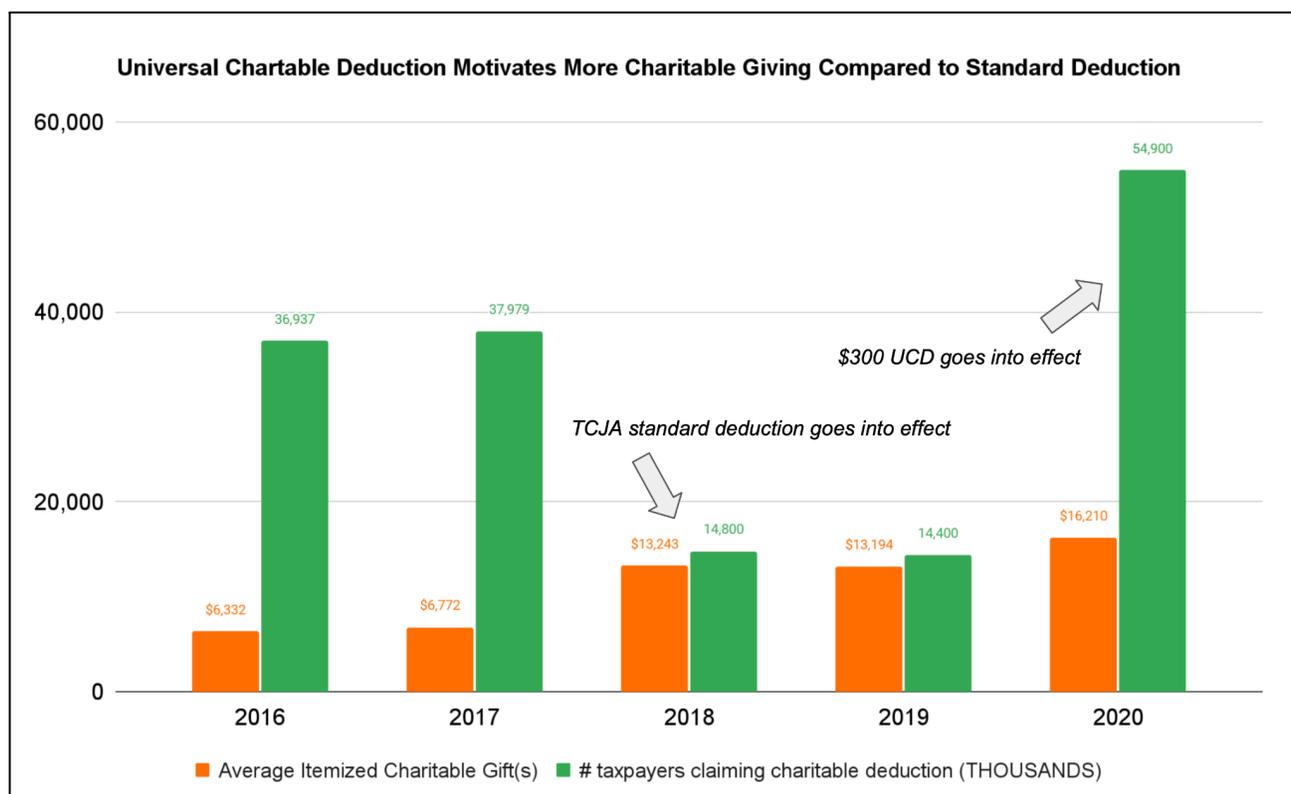


## Congress Should Restore / Expand Universal Charitable Deduction (UCD)



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**Timeline**

- 2017: Tax Cuts and Jobs Act (TCJA) raised standard deduction to \$12,000/\$24,000.
- 2018-19: # of filers who itemize and take charitable deduction significantly lower than pre-TCJA levels.
- 2020: In response to COVID-19 pandemic, Congress enacts \$300 universal charitable deduction;<sup>2</sup> average deduction under UCD is \$256; estimated 33% increase in gifts of \$300 occurred on Dec. 31, 2020 – the exact amount of the UCD.
- 2021: Congress extends the availability of UCD through 2021, increases cap to \$600 for joint filers;<sup>3</sup> early 2021 data show that on 12/31/21 individual gifts of exactly \$300 increased 7% compared to 2019, and gifts of exactly \$600 increased by 5%, showing extending UCD encouraged repeat behavior.<sup>4</sup>
- 2022: Nonprofits beginning to experience negative impact of expiration of UCD on 12/31/21; Q1 2022 showed significant drop in small donations with -15% in gifts less than \$100 compared to Q1 2021 and -9.9% decrease in gifts \$100-500.<sup>5</sup> These decreases far outpace year-over-year decreases for larger gifts,<sup>6</sup> while giving among the highest income levels simultaneously becomes more concentrated.

**Key Findings and Recommendations**

Data suggest UCD motivates more taxpayers to donate more income compared to standard deduction. Every \$1 of UCD tax benefit delivers ROI of \$2.50 in community based services.<sup>7</sup> 88% of taxpayers do not itemize their tax return, so a universal deduction is necessary to incentivize charitable giving in 2022 and beyond. Supporting a universal deduction allows all taxpayers, including those earning less, to participate in giving, which is a fundamental part of a healthy democracy.

*Congress should restore and expand the universal deduction to combat anticipated declines in charitable giving by enacting H.R. 1704 / S. 618 as soon as possible and before 12/31/22.*

<sup>1</sup> IRS Statistics of Income. Individual Income Tax Returns Complete Reports of 2019, 2018 and 2017, Preliminary Report of 2020

<sup>2</sup> CARES Act, HR 748

<sup>3</sup> Consolidated Appropriations Act of 2021, HR 133

<sup>4</sup> <https://charitablegivingcoalition.org/universal-charitable-deduction/>

<sup>5</sup> Fundraising Effectiveness Project

<sup>6</sup> 2022 First Quarter Fundraising Report

<sup>7</sup> <https://charitablegivingcoalition.org/universal-charitable-deduction/>