Supporting the Future of Philanthropy:

Supporting a Universal Charitable Deduction

United Way’s help their local communities find solutions to complex problems by working collaboratively to define issues, develop responses and generate resources to implement those responses. United Ways have been working to address critical community needs and strengthen New York for 100 years by supporting the building blocks for a good quality of life for all: health, education and financial stability. We raise resources through several different charitable giving efforts.

In 2018, Americans contributed $427.71 billion to charity. These charitable dollars are vital to America’s charities, which continue to face tremendous demand for their services. The charitable deduction is unique and good tax policy – it encourages individuals to give away more of their income and invest it in their communities. Simple arithmetic shows that those in need receive $2.50 in benefit for every $1 of tax benefit going to the donor. This is an impressive return on investment. The policy also helps charitable organizations continue raising the funds they need to achieve their critical missions.

The Charitable Tax Deduction is an itemized tax deduction, where itemizing taxpayers can claim a percentage of money donated to charity as a deduction against taxes owed. However, the Tax Cuts and Jobs Act doubled the standard deduction, drastically reducing the number of taxpayers that will itemize their taxes. This change is projected to reduce giving in the US by 5%. In New York, that means $961M less to fund private food banks, homeless or domestic violence shelters, provide day care, or job training as well as additional United Way efforts. Charities, like United Way, that rely on donations from middle and upper-middle class donors will disproportionately see reductions in giving. Unfortunately, early reports on 2018 giving are playing out as predicted. Tight budgets and lost dollars translate directly to reduced services for our communities.

As a matter of fairness, no one should have to pay taxes on donations to charities and Congress should expand the charitable deduction to everyone.

Federal Requests

⇒ Congress should enact a universal charitable deduction. Such a proposal would allow non-itemizing taxpayers a deduction for their charitable gifts and increase charitable giving by an estimated $12.2 billion (4.3 percent).

⇒ A universal charitable deduction will democratize giving by incentivizing all American taxpayers—regardless of income—to give to charity, thereby ensuring that our country retains a strong and independent civil society.

⇒ Current universal charitable deduction bills include H.R. 1260, introduced by Ways and means Rep. Danny Davis (DIL) and H.R. 651 (Charitable Giving Tax Deduction Act), introduced by Reps. Henry Cuellar (D-TX) and Chris Smith (RNJ). Both bills would allow non-itemizing taxpayers to fully deduct their charitable gifts.

For more information, please contact: Brenda Episcopo - President and CEO, episcopob@uwnys.org.