

CARES Act allows for an above the line charitable deduction

Although everyone is struggling in this pandemic, also known as the year 2020, if you can find any extra money to give to a charity that might be even more careworn than you, you could get up to a \$300 above the line deduction on your 2020 federal tax return.

Due to the hardship from Covid-19, charitable contributions are down in 2020. In order to help stimulate giving again, the IRS has included an above the line (this means you are able to donate and adjust your gross income without itemizing) deduction on the 2020 tax form. The IRS hopes this will provide some relief to charitable organizations who have not had the contributions they normally do.

Qualifying and Eligible Individuals

Any individual who does not itemize their deductions for 2020, is eligible to claim the deduction, up to \$300. If you itemize, you are already getting the deduction on your schedule A.

This \$300 deduction cannot be carried forward, also, you cannot use any carryovers from prior years as the above the line \$300 deduction.

Qualified Charitable Contribution and Organization

If you are considering making a charitable tax contribution make sure it qualifies for the deduction.

The contribution must be made in cash, non-cash contributions (i.e. clothing) are not allowed for the above the line deduction. (Cash equates to: check, EFT, payroll deductions, etc. And, any single donation over \$250, must include a written acknowledgement.)

Additionally, make sure that your organization of choice is a qualified public charity. If you visit the IRS.gov website, there are lists of eligible charities (<https://www.irs.gov/newsroom/tool-on-irsgov-helps-taxpayers-research-charities-before-making-donations>).

Although the amount may seem minor, every bit counts in trying times, both for the donor and the donee.

Minnesota rules on donations

The state of Minnesota also allows a minimal charitable deduction without having to itemize. You may be able to benefit on both your state and federal tax returns depending on your filing.

If you have any questions or concerns regarding the Charitable deduction, feel free to reach out to us.