

NEW TAX ADVANTAGES FOR DONORS

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There is a new financial incentive for Americans to give generously to qualifying charities, including Head of the Lakes United Way. The new universal tax break for charitable donations was included in the final \$2 trillion COVID-19 stimulus package signed into law on March 27, 2020 and will go into effect starting with the 2020 tax year.

The measure grants taxpayers an above-the-line deduction for up to \$300 in charitable donations given in 2020. For example, if you take the standard deduction and give \$300 to charity, you will get a \$300 tax break in addition to the standard deduction.

Now is the perfect time to take advantage of this “above-the-line” opportunity and give to qualifying charities providing critical services to the Ashland/Bayfield, Greater Duluth, North Shore and Superior/Douglas County communities during this health and economic crisis.

Here is the tax benefit break down for those taking standard deductions, itemized deductions and corporate giving:

Standard Deduction

For people who take the standard deduction, the CARES ACT allows you to take a tax deduction for contributions made to qualified charitable entities up to \$300 per year starting in 2020 – this deduction is “above-the-line.” The 2020 standard deduction is \$12,400 for individuals and \$24,800 for married couples filing jointly. For those who use the standard deduction to reduce taxable income, those individuals can further reduce their taxable income by making up to a \$300 contribution to a qualified charity, such as Head of the Lakes United Way. This deduction applies for 2020 and beyond.

Itemized Deduction

For people who file for itemized deductions, the CARES ACT allows you to take a tax deduction of up to 100% of your Adjusted Gross Income (AGI) for contributions to qualifying charities starting in 2020. The new law temporarily lifts the limits on charitable giving from 60% of a taxpayer’s AGI to 100% for 2020.

Corporate Donations

For corporate donors, the CARES ACT allows an entity to take a tax deduction of up to 25% of their Adjusted Tax Income for contributions to qualifying charities starting in 2020. The new law temporarily lifts the limits from 10% of adjusted taxable income to 25% for 2020.

As always, please consult with your tax adviser to determine the most effective way for you to make a tax deductible contribution to Head of the Lakes United Way.

Head of the Lakes United Way fights for the basic needs, education, financial stability, and health of EVERY person in EVERY community we serve.

We have one life. To live better, we must LIVE UNITED.
Join us at hlunitedway.org/donate.

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