



CARES ACT 2020

New Charitable Deduction for Non-Itemizers

Taxpayers who take the standard deduction rather than itemizing their deductions will nevertheless be able to claim a charitable deduction of up to \$300 for cash donations made in 2020.

Higher Deduction Limits

Individuals in 2020 will be able to deduct cash gifts to the extent of their entire adjusted gross income, and the deduction limit for corporations has been raised from 10% to 25% of taxable income.

Required minimum distributions waived in 2020

For the year 2020, there will be no mandatory distributions from retirement accounts (whatever the age of the owner), thus allowing those accounts to recover. The minimum age for making a tax-free transfer from an IRA to a charity remains at 70½, and the annual limit remains at \$100,000. However, since cash gifts are deductible in 2020 to the extent of adjusted gross income, a person could withdraw and then contribute a larger amount—with the deduction offsetting the taxable withdrawal.

Waiver of Penalties When Retirement Funds Are Used For Coronavirus Purposes

If you are under the age of 59½ and withdraw money in 2020 from your retirement plan to cover expenses incurred by you or a family member related to treatment of the coronavirus, the 10% tax penalty will not apply, taxation of the distribution can be spread over three years, and the amount withdrawn can later be added without regard to contribution limits.

Please contact your advisor. The CARES Act is long and includes numerous provisions that could benefit you financially. Consult your advisors about these provisions and contact us if we can help you with any gift-planning opportunities at director@cancer-connection.org or 413-586-1642.