Charitable Giving Incentives

The tax laws may encourage individuals and businesses to give to charitable organizations whose missions they support by providing an itemized deduction or tax credit. The 2017 federal tax law had the unintended consequence of diminishing federal giving incentives. State tax reform efforts in recent years have considered capping or eliminating charitable giving incentives, which would also have adverse effects on charitable giving.

Federal Charitable Giving Incentive

The federal charitable giving incentive was significantly reduced under the 2017 federal tax law because of the near doubling of the standard deduction, which results in a decline in the number of people who itemize.

State Charitable Giving Incentives

States have found that capping or eliminating charitable giving incentives significantly undermines financial support for the work of nonprofits.