The $300 Above-the-Line Charitable Contribution Deduction Explained

As you likely heard, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act created a new, $300 above-the-line charitable contribution deduction for individuals. After President Trump signed the CARES Act into law on March 27, 2020, numerous, contradictory summaries were published about exactly who would be eligible for this deduction.

On April 23, 2020, The Joint Committee on Taxation (JCT), nonpartisan committee of the United States Congress, issued its analysis of the tax provisions of the CARES Act. The JCT’s report, which does not have the force of law but nonetheless is influential, clarified that:

- An eligible individual can claim an above-the-line deduction, in an amount not to exceed $300, for qualified charitable contributions made **during a taxable year that begins in 2020**. That is, the contribution must be made in the taxpayer’s tax year that begins in 2020.

For most individuals, the tax year is the calendar year. For those individuals, eligible above-the-line contributions must be made in 2020.

- The $300 above-the-line deduction is not available to individuals who elect to itemize their deductions.

- The $300 limit applies to the tax-filing unit. Thus, for example, married taxpayers who file a joint return and do not elect to itemize deductions are allowed to deduct up to a total of $300 in qualified charitable contributions on the joint return.

- A qualified charitable contribution is a **cash** contribution for which a deduction paid to a charitable organization described in **Internal Revenue Code Section 170(b)(1)(A)**, other than contributions to (1) a supporting organization described in **Section 509(a)(3)** or (2) for the establishment of a new, or maintenance of an existing, donor advised fund (as defined in **Section 4966(d)(2)**). Contributions of noncash property, such as securities, are not qualified contributions.

We will need to see if the IRS agrees with JCT’s reading of the CARES Act.