NY Funders Alliance: Charitable Deduction

We believe every taxpayer should have the ability to contribute to the betterment of their communities and their country through charitable giving. A universal charitable deduction would incentivize more giving and would maximize private investment in community services.

NY Funders Alliance Charitable Deduction Policy Statement:

NY Funders Alliance supports making the charitable deduction available to all taxpayers to incentivize charitable investments in communities and causes around the nation which will foster the growth of a giving culture in America.

Approved: NY Funders Board of Directors, January 2019

Charitable tax deductions are a necessity.

Philanthropy relies on giving and the federal charitable tax deduction has helped support that model. All tax payers should have the ability to reap the benefits of the deduction while simultaneously supporting charitable organizations.

For over 100 years the federal charitable tax deduction has allowed for a tax deduction for donations made to nonprofit organizations by tax payers who itemize their tax returns. This has allowed for a century of private investments in services provided by charitable organizations. However, non-itemizers receive no tax incentive for large charitable donations. This limits the number of donations received by charitable organizations and leaves a significant portion of the population out of the giving process.

The current structure of the charitable tax deduction does not allow for a full investment by all taxpayers. Unfortunately, the Tax Cuts and Jobs Act, while maintaining the deduction for donations, will limit the number of donations even
further. Under the new tax code, the standard deduction is nearly doubled which will impact the number of tax payers that benefit from donating to charity and decrease the total donations received by charitable organizations. This is due to the fact those below the standard deduction would have to pay taxes on their gifts. Philanthropy will inevitably be impacted by this change. Therefore, it is important to not only preserve the charitable tax deduction but improve it as well. Which is why we support a universal charitable tax deduction that can be extended to all tax payers.

As it stands, the charitable tax deduction is only offered to a small percentage of all tax payers which severely limits the amount of dollars going to charitable organizations. This lack of incentive can hurt philanthropy. We support all legislation that will facilitate an increase in charitable giving. A universal charitable tax deduction would greatly impact private investment in communities because it would incentivize more tax payers to give to charitable organizations. This would allow America’s culture of giving to blossom and ensure the safeguarding of communities by the organizations that call them home.