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2021 CAMPAIGN

United Way
of Southwestern Indiana

2021 Tax Benefits for Charitable Contributions

THIS IS INTENDED TO SERVE AS GENERAL INFORMATION. PLEASE CONSULT WITH YOUR TAX ADVISOR FOR EXPERT ADVICE.

Charitable Contributions for Non-Itemizers – The Taxpayer Certainty and Disaster Tax Relief Act allows those who don't itemize on their tax returns a deduction of up to $300 for cash contributions made during 2021. Married couples filing jointly are allowed a deduction of up to $600 for the cash contributions they make during 2021. This is an increase from 2020. Contributions by non-itemizers to new or existing donor-advised funds or private foundations don't qualify.

Cash Contributions for Itemizers – Under the CARES Act enacted in March 2020, the 60% deduction limit on cash contributions to most charities was suspended, allowing potentially up to 100% of the Adjusted Gross Income. Under the Taxpayer Certainty and Disaster Tax Relief Act of 2020, the suspension of the 60% limit has been extended to 2021.

Documentation - Cash contributions include those paid by cash, check, electronic funds transfer, or credit card. Taxpayers cannot deduct a cash contribution, regardless of the amount, unless they have documentation confirming the contribution, such as:

1. A receipt (or a letter or other written communication) from the qualified organization showing the name of the organization and the date and amount of the contribution.

2. Payroll deduction records that include a pay stub showing the contribution and a pledge card showing the name of the charitable organization. If the employer withheld $250 or more from a single paycheck, the pledge card or other document must state that the organization does not provide goods or services in return for any contribution made to it by payroll deduction.

To claim a deduction for a contribution of $250 or more, the taxpayer must have a written acknowledgment of the contribution from the qualified organization that includes the following details:

- The amount of the contribution
- Whether the qualified organization gave the taxpayer goods or services (other than token items and membership benefits) as a result of the contribution, with a description and good-faith estimate of the value of any goods or services that were provided

For example, money dropped in a Christmas Kettle or added onto your purchase at a retail store would not be deductible because there is no documentation the contribution was made.