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provides several provisions to help individuals and businesses who give to charity. The new law generally extends through the end of 2021 four temporary tax changes ...

Sep. 22, 2021

Form 1040	Department of the Treasury—Internal Revenue Service (99)	2020	OMB No. 1545-0047	IRS Use Only—Do not write or staple in this space.
Filing Status <input type="checkbox"/> Single <input type="checkbox"/> Married filing jointly <input type="checkbox"/> Married filing separately (MFS) <input type="checkbox"/> Head of household (HOH) <input type="checkbox"/> Qualifying widow(er) (QW) Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶				
Your first name and middle initial		Last name		Your social security number
If joint return, spouse's first name and middle initial		Last name		Spouse's social security number
Home address (number and street). If you have a P.O. box, see instructions.			Apt. no.	Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse
City, town, or post office. If you have a foreign address, also complete spaces below.			State	
Foreign country name			Foreign province/state/county	
ZIP code			Foreign postal code	
At any time during 2020, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency? <input type="checkbox"/> Yes <input type="checkbox"/> No				
Standard Deduction Someone can claim: <input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent <input type="checkbox"/> Spouse itemizes on a separate return or you were a dual-status alien				
Age/Blindness You: <input type="checkbox"/> Were born before January 2, 1956 <input type="checkbox"/> Are blind Spouse: <input type="checkbox"/> Was born before January 2, 1956 <input type="checkbox"/> Is blind				
Dependents (see instructions): If more than four dependents, see instructions and check				
(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> if qualifies for (see instructions): Child tax credit
				Credit for other dependents

The Internal Revenue Service says newly-expanded tax benefits can help both individuals and businesses give to charity before the end of this year.

The Taxpayer Certainty and Disaster Tax Relief Act of 2020, enacted last December, provides several provisions to help individuals and businesses who give to charity. The new law generally extends through the end of 2021 four temporary tax changes originally enacted by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Here is a rundown of these changes.

Deduction for individuals who don't itemize; cash donations up to \$600 qualify

Ordinarily, individuals who elect to take the standard deduction cannot claim a

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joint returns.

Cash contributions to most charitable organizations qualify. However, cash contributions made either to supporting organizations or to establish or maintain a donor advised fund do not qualify. Cash contributions carried forward from prior years do not qualify, nor do cash contributions to most private foundations and most cash contributions to charitable remainder trusts. In general, a donor-advised fund is a fund or account maintained by a charity in which a donor can, because of being a donor, advise the fund on how to distribute or invest amounts contributed by the donor and held in the fund. A supporting organization is a charity that carries out its exempt purposes by supporting other exempt organizations, usually other public charities. See [Publication 526](#) for more information on the types of organizations that qualify.

Cash contributions include those made by check, credit card or debit card as well as amounts incurred by an individual for unreimbursed out-of-pocket expenses in connection with the individual's volunteer services to a qualifying charitable organization. Cash contributions don't include the value of volunteer services, securities, household items or other property.

100% limit on eligible cash contributions made by itemizers in 2021

Subject to certain limits, individuals who itemize may generally claim a deduction for charitable contributions made to qualifying charitable organizations. These limits typically range from 20% to 60% of adjusted gross income (AGI) and vary by the type of contribution and type of charitable organization. For example, a cash contribution made by an individual to a qualifying public charity is generally limited to 60% of the individual's AGI. Excess contributions may be carried forward for up to five tax years.

The law now permits electing individuals to apply an increased limit (“Increased

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Unless an individual makes the election for any given qualified cash contribution, the usual percentage limit applies. Keep in mind that an individual’s other allowed charitable contribution deductions reduce the maximum amount allowed under this election. Eligible individuals must make their elections with their 2021 Form 1040 or Form 1040-SR.

Corporate limit increased to 25% of taxable income

The law now permits C corporations to apply an increased limit (Increased Corporate Limit) of 25% of taxable income for charitable contributions of cash they make to eligible charities during calendar-year 2021. Normally, the maximum allowable deduction is limited to 10% of a corporation’s taxable income.

Again, the Increased Corporate Limit does not automatically apply. C corporations must elect the Increased Corporate Limit on a contribution-by-contribution basis.

Increased limits on amounts deductible by businesses for certain donated food inventory

Businesses donating food inventory that are eligible for the existing enhanced deduction (for contributions for the care of the ill, needy and infants) may qualify for increased deduction limits. For contributions made in 2021, the limit for these contribution deductions is increased from 15% to 25%. For C corporations, the 25% limit is based on their taxable income. For other businesses, including sole proprietorships, partnerships, and S corporations, the limit is based on their aggregate net income for the year from all trades or businesses from which the contributions are made. A special method for computing the enhanced deduction continues to apply, as do food quality standards and other requirements.

Keep good records

The IRS reminds individuals and businesses that special recordkeeping rules apply to

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