CPA Practice Advisor

qualifying charities on their 2021 federal income tax return.

Isaac M. O'Bannon • Dec. 13, 2021

The Internal Revenue Service has joined with several leading nonprofit groups to highlight a special tax provision that allows more people to deduct donations to qualifying charities on their 2021 federal income tax return.

The Independent Sector and National Council of Nonprofits joined with the IRS to highlight this pandemic-related provision where married couples filing jointly can deduct up to $600 in cash donations and individual taxpayers can deduct up to $300

At a time when many charitable groups are struggling during the pandemic, the IRS highlights the new provision and urges people to make sure they donate to a qualifying charity. The special Tax Exempt Organization Search tool on IRS.gov can help people make sure they donate to a qualified charity.

"The pandemic has created unique challenges for tax-exempt organizations, and we want to make sure people don't overlook this special tax deduction that's available this year," said Sunita Lough, IRS Commissioner of the Tax Exempt and Government Entities division. "Donations to qualifying charities can reduce people's tax bill when they file in 2022."

Leaders from the National Council of Nonprofits and the Independent Sector, two prominent organizations representing the nation's charitable groups, highlighted that the special tax provision can provide additional assistance to organizations hit hard by the pandemic. Some groups have seen reduced charitable donations and others have seen increased demand for their services during this unprecedented period.

"At a time when nonprofits continue to see immense demand for services, are facing significant challenges hiring and retaining staff to deliver those services–every donation counts," said David L. Thompson, Vice President of Public Policy at National Council of Nonprofits. "We're thankful that the universal (or non-itemizer) deduction is available through the end of the year to encourage every taxpayer give a little bit more to the missions they care about."

"Over the past two years, charities have helped America confront generational health, economic and social crises. They have answered the call to serve their communities despite facing lost revenue, disrupted operations and dramatically increased need," said Daniel J. Cardinali, president and CEO of Independent Sector.

“Congress has sent a powerful message that everyone – not just those who itemize on

Nearly nine in 10 taxpayers now take the standard deduction and could potentially qualify. Under this provision, tax year 2021 individual tax filers, including married individuals filing separate returns, can claim a deduction of up to $300 for cash contributions made to qualifying charities during 2021. The maximum deduction is increased to $600 for married individuals filing joint returns.

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 their volunteer services to a qualifying charitable organization. Cash contributions don’t include the value of volunteer services, securities, household items or other property.

The IRS reminds taxpayers that to receive a deduction, they must donate to a qualified charity. To check the status of a charity, they can use the IRS Tax Exempt Organization Search tool.

Cash contributions to most charitable organizations qualify for a deduction. But contributions made either to supporting organizations or to establish or maintain a donor advised fund do not. Contributions carried forward from prior years do not qualify, nor do 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 their donor status, 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.

The IRS encourages all donors to be wary of scams masked as charitable solicitations. Criminals create fake charities to take advantage of the public’s generosity. Fake charities once again made the IRS's Dirty Dozen list of tax scams for 2021. In October,

For details on the recordkeeping rules for substantiating gifts to charity, see Publication 526, Charitable Contributions, available on IRS.gov.