



U.S. CONGRESSMAN **MARK WALKER**

PROUDLY REPRESENTING THE 6TH CONGRESSIONAL DISTRICT OF NORTH CAROLINA

THE UNIVERSAL CHARITABLE GIVING ACT (H.R. 3988)

ESTABLISHES A UNIVERSAL CHARITABLE DEDUCTION

- Tax deduction for charitable giving for individuals who do not itemize, in addition to the standard deduction
 - Above-the-line deduction up to 1/3 of the current standard deduction
 - Approximately \$2,100 for individuals
 - Approximately \$4,200 for married couples
- Incentivizes charitable giving for low- and middle-class taxpayers
- Protects giving for marginal itemizers, those affected by a larger standard deduction
- Promotes social policy goals – empowers taxpayers to direct funds to socially productive organizations
- Allows all taxpayers to deduct charitable giving, regardless of itemizing status
- Does not change existing tax provisions for individuals who itemize

THE CHARITABLE DEDUCTION¹

- Under current law, taxpayers who itemize their deductions can deduct charitable donations to qualifying organizations
- One of the largest individual income tax provisions, estimated at \$56.9 billion in FY2017
- Roughly 71% of tax expenditures for charitable giving in FY2017 will be claimed by taxpayers in the \$200,000 and above income class
- Doubling the standard deduction will lower the number of itemizers and likely decrease charitable giving incentives for non-itemizers

LEGISLATIVE HISTORY¹

- The charitable deduction was first enacted to offset potential negative effects of increased income taxes on charitable giving as part of the War Income Tax Revenue Act of 1917 (P.L. 65-50)
- Tax Reform Act of 1969 (P.L. 91-172) raised the deduction limit to 50% of AGI for donations to public charities and allowed deductions for contributions to private operating foundations
- In the early 1980s, temporary changes provided a charitable deduction to non-itemizers
 - The Economic Recovery Act of 1981 (P.L. 97-34) allowed taxpayers who took the standard deduction to claim an additional deduction for charitable giving
 - Provision went into effect in 1982, and expired as scheduled at end of 1986

¹ See Margot L. Crandall-Hollick, *Key issues in tax reform: The charitable deduction for individuals*, CONGRESSIONAL RESEARCH SERVICE (August 18, 2017), <http://www.crs.gov/reports/pdf/IF10706>.