

North Carolina Center for Nonprofits Joins Internal Revenue Service to Highlight Special Charitable Tax Benefit Available Through December31

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North Carolina Center for Nonprofits Joins Internal Revenue Service to Highlight Special Charitable Tax Benefit Available Through December 31

Special rule helps most people get a deduction of up to \$600 for gifts to charity; North Carolina Center for Nonprofits highlights how donations can help the state's charitable community

WASHINGTON, D.C. – The North Carolina Center for Nonprofits joins the Internal Revenue Service today to highlight a special tax provision that allows more people to deduct donations to qualifying charities on their 2021 federal income tax return.

A pandemic-related provision in the Internal Revenue Code allows married couples filing jointly to deduct up to \$600 in cash donations and individual taxpayers to deduct up to \$300 in donations in 2021.

Under the temporary law, taxpayers don't need to itemize deductions on their tax returns to take advantage of this, which creates tax-favorable donation options not normally available to about 90% of North Carolina tax filers. Ordinarily, people who choose to take the standard deduction cannot claim a deduction for their charitable contributions. But this special provision permits them to claim a limited deduction on their 2021 federal income tax returns for cash contributions made to qualifying charitable organizations by year's end, December 31, 2021.

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 (<https://www.irs.gov/charities-non-profits/tax-exempt-organization-search>) on IRS.gov can help people make sure they donate to a qualified charity.

"Tax-exempt organizations provide a slew of services, from critical emergency shelters to enriching art programs. The pandemic has created challenges for many nonprofits throughout North Carolina and we want to make sure taxpayers don't miss out on helping out with this year's special tax deduction," said IRS Spokesperson, Luis D. Garcia. "Donations to qualifying charities can reduce a person's tax bill while at the same time impacting their community."

The North Carolina Center for Nonprofits, a prominent organization representing North Carolina's nonprofit sector, 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.

"Every donation made to a North Carolina nonprofit is particularly valuable right now," said David Heinen, Vice President for Public Policy and Advocacy at North Carolina Center for Nonprofits. "Nonprofits throughout North Carolina continue to see tremendous demand for services, are struggling with shortfalls in volunteers, and are facing significant challenges hiring and retaining staff to deliver services. Nonprofits' struggles deeply affect our communities. Charitable contributions help nonprofits deliver critical services for our communities, including child care, food assistance, senior care, housing assistance, arts and culture, educational programs, and healthcare. We appreciate that the universal charitable deduction is available through the end of the year to encourage every taxpayer – including people who use the standard deduction – to give a little bit more to the missions they care about. We encourage all North Carolinians to consider giving generously during the holiday season."

Heinen noted that donors can check the Center's member directory (</connect/directory>) for nonprofits in their community and can check the NC Secretary of State's online registry (https://www.sosnc.gov/online_services/search/by_title/_charities) to confirm that charities have current charitable solicitation licenses in North Carolina.

Background on the Universal (Non-Itemizer) Charitable Deduction

Included in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, enacted in March 2020, a more limited version of this temporary tax benefit originally only applied to tax-year 2020. The Taxpayer Certainty and Disaster Tax Relief Act of 2020, enacted last December, generally extended it through the end of 2021.

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 (<https://www.irs.gov/charities-non-profits/tax-exempt-organization-search>).

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 (<https://www.irs.gov/newsroom/irs-dirty-dozen-list-warns-people-to-watch-out-for-tax-related-scams-involving-fake-charities-ghost-preparers-and-other-schemes>) list of tax scams for 2021. In October, the IRS also joined (<https://www.irs.gov/newsroom/irs-joins-international-organizations-in-fighting-charity-fraud-during-special-awareness-week>) international organizations and other regulators in highlighting the fight against charity fraud.

Keep Good Records

Special recordkeeping rules apply to any taxpayer claiming a charitable contribution deduction. Usually, this includes obtaining an acknowledgment letter from the charity before filing a return and retaining a cancelled check or credit card receipt for contributions of cash.

For details on the recordkeeping rules for substantiating gifts to charity, see IRS Publication 526, Charitable Contributions (<https://www.irs.gov/forms-pubs/about-publication-526>).

About the Center: Founded in 1990, the North Carolina Center *for* Nonprofits (<https://www.ncnonprofits.org/>) is a private 501(c)(3) nonprofit organization that serves as a statewide network for nonprofit board and staff members, an information center on effective organizational practices, and an advocate for the nonprofit sector as a whole. The Center offers services directly to all sizes and types of 501(c)(3) nonprofits and works closely with other local, state, and national groups that assist nonprofits.

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CATEGORIES:

News Room (</taxonomy/term/93>)

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Directions

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