

General ACR Talking Points

- The charitable deduction has dual roles. It serves as an incentive to give, but it also serves as a guardrail against government intrusion. Congress shields private giving to charities from the brunt of taxation to appropriately limit government intrusion into civil society.
- With tax reform on the horizon, we recognize that simplification and clarification of the tax code is important for robust economic growth.
- We appreciate that pro-growth tax reform will deliver middle-class tax relief and simplification, which in turn could mean more charitable giving.
- However, we also recognize that major changes to the tax code, such as the increased standard deduction, could have unintended consequences for the charitable sector.
- We understand both the White House and House proposals include a doubling of the standard deduction.
- According to IRS data, doubling the standard deduction, which reduces the number of itemizers from one-third of Americans to about five percent would remove the tax incentive for an estimated \$95 billion of annual charitable giving.
- Put another way, nearly 30 million taxpayers who are eligible to take the charitable deduction now would no longer be able to use it.
- Unlike every other deduction and credit in the tax code, the charitable deduction is unique in that it encourages individuals to give away their income with no benefit in return.
- A 2016 national survey of voters commissioned by Independent Sector found the following:
 - **88 percent** believe Congress should make deducting charitable contributions from taxes easier; and
 - **79 percent** believe all taxpayers should be able to take advantage of the charitable deduction. According to a study by the Lilly Family School of Philanthropy at Indiana University, offering the charitable deduction to everyone could bring in \$4.8 billion more in annual charitable giving if combined with current tax reform proposals.
- As Republicans look to shrink the federal budget and government, more pressure will be on charities across the country to fill the gaps. Now is the wrong time to take away a tax benefit that has been so successful in bringing more private dollars to charities.

We encourage lawmakers to make the charitable deduction available to all Americans as a universal charitable deduction.