With the recent passing of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, there are certain provisions beneficial to taxpayers contained within the legislation. Here is a summary we hope you find helpful during this time. **For ways in which to fully take advantage of the CARES Act or if you have any questions, please contact your tax professional.**

**New charitable deduction available for non-itemizers**
- Taxpayers who do not itemize their deductions will be able to claim a charitable deduction of up to $300 for cash donations made in 2020 above their standard deduction.
- This is not available for gifts to Donor Advised Funds or Supporting Organizations, nor for cash deductions carried forward from prior years.

**Waiver of retirement plan penalties for purposes related to the coronavirus**
- If a taxpayer is under the age of 59 ½ and withdraws money from their retirement plan to cover expenses incurred by them or a family member related to treatment of the coronavirus, the 10% tax penalty will not apply, taxation of the distribution can be spread over three years, and the amount withdrawn can later be added to the fund without regard to contribution limits.

**Charitable contribution limits suspended for individuals in 2020**
- For the 2020 tax year only, donors may elect to apply a new 100% of adjusted gross income (AGI) limit to cash gifts to public charities. Previously, a taxpayer could only deduct up to 60% of their AGI.
- Gifts to donor advised funds (DAFs) or supporting organizations (SOs) are not eligible for this special election.

**Increased charitable deduction limits for corporations in 2020**
- The taxable income limit that applies to cash contributions from corporations has been 10% of taxable income. For 2020, that limit has been raised to 25% for cash contributions.
- The limitation on deductions for contributions of food inventory by any trade or business is increased from 15% to 25% for 2020. This change should encourage more food donations in 2020 from businesses of all types.

**Required minimum distributions waived in 2020**
- Most taxpayers will not have a required minimum distribution from their retirement plan in 2020. Minimum distributions will not be required from IRAs, 401(k)s, 403(b)s and most other defined contribution plans maintained by an employer for individuals.
- Required minimum distributions that would have had to start in 2020 don’t have to start until 2021.

**Additional Sources:**
- [FULL TEXT OF THE CARES ACT](http://example.com/caresact)
- [US TREASURY WEBSITE](http://example.com/treasury)