Position Statement
Charitable Deductions
Adopted November 2012

Position
The Southeastern Council of Foundations supports maintaining full deductibility of itemized charitable deductions. Furthermore, SECF urges policymakers to support charitable giving by opposing proposals to cap the charitable deduction for federal taxpayers.

Current Law
Individuals can reduce their taxable income by the amount of the charitable contributions they make if they itemize their deductions. As a result, taxpayers generally are not subject to federal income taxes on money they give away to charities. Some limits may apply depending on the type of gift (cash, stocks and real property, for example) and the type of organization to which the gift is given.

Rationale

- As Washington continues to debate broad-based tax reform, elected officials must understand the impact of their legislative choices on the philanthropic sector and promote policies that provide incentives for charitable giving.

- Charitable deduction is a powerful incentive to give. At a time when charities are faced with increasing demands from their communities, it is important that public policies support and encourage charitable giving.

- Giving would decrease without the deduction or with a cap. A 2011 study by the Center on Philanthropy at Indiana University (now the Lilly Family School of Philanthropy) stated that giving by households with incomes of $200,000 or more would have decreased by $820 million in 2009 and $2.43 billion in 2010 had a cap proposal being discussed at that time gone into effect. Furthermore, it has been estimated that with no charitable deduction, annual giving would decrease by 25 to 36 percent.

- Charitable deduction law effects donations to foundations. A 2006 study by the Center on Philanthropy reported that individuals earning more than $200,000 a year were responsible for nearly 80 percent of gifts to foundations – $21 billion out of $27 billion overall.