

Publications

Foundations: COVID 19: Various Relief Measures Enacted to Benefit Tax-Exempt Organizations

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Tax-Exempt Organizations

CLIENT ALERT | 4.17.2020

In the wake of the COVID-19 pandemic, tax-exempt organizations are facing unprecedented challenges while serving a critical role and population during the pandemic. Various relief efforts have been enacted to benefit tax-exempt organizations, including the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), signed by President Trump on March 27, 2020. Several of these benefits are summarized below.

Charitable Giving

New \$300 Above-the-Line Charitable Deduction for Non-Itemizers

Under Section 2204 of the CARES Act, taxpayers may deduct up to \$300 in charitable contributions in 2020. This amount is an above-the-line deduction, meaning taxpayers who take the standard deduction (in 2019, \$12,400 for a single taxpayer and \$24,800 for joint returns) rather than itemize may still take the deduction. Contributions must be made in cash, and this deduction is only available to non-itemizers. Contributions to private foundations, donor-advised funds and supporting organizations do not qualify for the deduction.

Increased Charitable Contribution Limits for Itemizers and Corporations

Under Section 2205 of the CARES Act, individual taxpayers who itemize may deduct 2020 charitable cash contributions in the amount equal to 100 percent of the taxpayer's adjusted gross income for 2020, with any excess amount eligible for a 5-year carryforward. This represents an increase from the previous 60 percent limitation. For corporate taxpayers, the 2020 charitable deduction limit was increased to 25 percent of taxable income for cash contributions, an increase from the previous 10 percent limit. In addition, the limit on eligible contributions of food inventory was increased to 25 percent from 15 percent of taxable income.

Filing/Payment Extensions

Tax-exempt organizations were included in the most recent round of extensions for tax return filings and payment obligations as provided in IRS Notice 2020-23, 2020-18 IRB (April 9, 2020). Forms 990, 990-PF and 990-T, and any corresponding payment obligations, that were due on or after April 1, 2020 and before July 15, 2020 (originally or pursuant to a valid extension) are now due on or before July 15, 2020. For example, an organization whose return was originally due November 15, 2019 and was on extension until May 15, 2020 now must file by July 15, 2020. This relief is automatic, and organizations do not need to call the IRS or otherwise request an extension. Organizations that need more time to file may file the appropriate extension form by July 15, 2020, provided that the extension date may not go beyond the original extension date. For example, a calendar year organization whose return is originally due May 15, 2020 may not extend the due date past November 15, 2020. In addition, this would only be for an extension to file, and not an extension of payment.

Emergency Unemployment Relief

Section 2103 of the CARES Act provides that the Department of Labor will make payments to states to reimburse nonprofits and government agencies for half of the costs to pay unemployment benefits incurred through December 31, 2020.

FEMA

Although geared primarily to non-federal governmental entities, the FEMA Public Assistance program also provides funding to eligible private nonprofit organizations for “emergency protective measures” to respond to the COVID-19 emergency. To read a Vorys client alert with additional information on this topic, [click here](#).

Small Business Benefits

Nonprofit organizations may qualify for small business programs if they are otherwise eligible for the program. While the funding under the Paycheck Protection Program enacted under Section 1102 of the CARES Act has run out, qualifying nonprofit organizations were eligible for the program and may qualify if the program receives additional funding. To read a Vorys client alert with additional information on this topic, [click here](#).

Conclusion

Critics question whether the relief in place is enough to support charities at a time when program demands and expenses are increasing, fundraising events are postponed, volunteers are unable to serve, and contributions and grants may be in decline. Nonprofit groups have lobbied for Congress to expand the tax deduction available to individuals for charitable contributions. Stay tuned to see if tax-exempt organizations stand to benefit from the next coronavirus relief bill.

Contact your Vorys attorney if you have questions.

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VORYS COVID-19 TASK FORCE

Vorys attorneys and professionals are counseling our clients in the myriad issues related to the coronavirus (COVID-19) outbreak. We have also established a comprehensive Coronavirus Task Force, which includes attorneys with deep experience in the niche disciplines that we have been and expect to continue receiving questions regarding coronavirus. Learn more and see the latest updates from the task force at [vorys.com/coronavirus](https://www.vorys.com/coronavirus).