

## **What You Should Know About the New Tax Law & Charitable Giving**

Now that the 2017 tax season has passed, our attention turns towards the recently passed Tax Reform Law and its potential impact on charitable giving in 2018. Below you will find some information and, hopefully, some helpful guidance as responsible stewards of God's many gifts.

### **So, what will change?**

The standard deduction (allowed on federal tax forms) will nearly double to \$12,000 for individuals and \$24,000 for married couples. This change (coupled with other restrictions) will reduce the number of individuals and families who itemize their on their federal returns. Fewer people itemizing their on their federal returns will mean that fewer people will be receiving a federal tax deduction for cash gifts given to charity.

### **But, what won't change?**

Many different avenues of giving still remain very lucrative! Gifts, such as, those receiving a tax credit (for example, the STO), appreciated stock gifts, gifts of property, grain gifts and IRA charitable rollover gifts will all continue to offer excellent ways to save tax.

The tax benefits of charitable giving will remain the same on your state taxes in Iowa, since those still have not changed.

The charitable deduction for those who will continue to itemize is still very much available and, in fact, has been enhanced, allowing individuals to deduct up to 60% (up from 50%) of their adjusted gross income to charity.

### **And, most importantly. . .**

Our reason for giving hasn't changed! Rather than giving in order to save on tax, we give to a cause, to a mission, in the name of Christian charity. The message of Christ was, is, and will forever be the expectation that we help those in need by – among other things – being good stewards of the many gifts with which we have been entrusted. Supporting the mission of Christ through the sharing of our gifts at the local, diocesan, and universal levels is still very much a part of our identity as Catholics.

### **Other things to consider:**

Certain individuals and families might end up saving some tax under the new law. Perhaps those who do will think to donate a portion of those savings through charitable giving.

Even this year, a certain number of us will be receiving a tax refund. A generous option might be to share a portion of that refund through a gift to a charity that supports the poor and disadvantaged or perhaps to our parish community.

*This information is not intended as legal or tax advice.*

*Taxpayers should consult with their tax advisor as to his/her specific situation.*