



Charitable Deduction in the CARES Act

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<https://budgetmodel.wharton.upenn.edu/estimates/2020/3/27/the-cares-act-charitable-deduction>

Summary: The CARES Act establishes a new, temporary charitable deduction (limited to \$300) in tax year 2020 for taxpayers who claim the standard deduction. PWBM projects that this provision would cost about \$2 billion and would have little effect on total donations. More than half (53 percent) of the benefit would accrue to families in the 60th to 90th percentiles of the income distribution.

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[Table 1: Distribution of Federal Tax Change, Calendar Year 2020](#)



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Income group	Average tax change	Tax units with a tax cut		Percent change in after-tax income	Share of tax change	Share of federal taxes paid	
		Share with tax cut	Average tax cut			Under current law	Under the proposal
Bottom quintile	\$0	0.4%	-\$25	0.0%	0.2%	0.1%	0.1%
Second quintile	-\$5	21.6%	-\$30	0.0%	9.6%	2.3%	2.3%
Middle quintile	-\$15	40.9%	-\$40	0.0%	22.0%	10.3%	10.3%
Fourth quintile	-\$30	58.9%	-\$50	0.0%	34.2%	19.1%	19.1%
80-90%	-\$40	59.7%	-\$65	0.0%	19.1%	14.9%	14.9%
90-95%	-\$35	49.1%	-\$70	0.0%	8.0%	11.0%	11.0%
95-99%	-\$30	37.5%	-\$80	0.0%	5.8%	16.3%	16.3%
99-99.9%	-\$25	24.2%	-\$105	0.0%	1.0%	12.7%	12.7%
Top 0.1%	-\$15	14.7%	-\$110	0.0%	0.1%	13.1%	13.1%

Note: "Income" is defined as AGI plus: above-the-line deductions, nontaxable interest income, nontaxable Social Security benefits, nontaxable pensions and annuities, employer-side payroll taxes, and corporate liability.