

Charity Reps Praise Bill to Enhance Giving Incentives

By

[Fred Stokeld](#)

Representatives of the philanthropic community are praising bipartisan legislation introduced April 6 that would expand tax incentives to encourage greater charitable giving.

Several charitable giving advocacy groups are supporting the Charities Helping Americans Regularly Throughout the Year (CHARITY) Act (S. 2750 ) , introduced by Senate Finance Committee member John Thune, R-S.D., and committee ranking minority member Ron Wyden, D-Ore. The bill would replace the two-tiered excise tax on the net investment income of private foundations with a single 1 percent rate and allow donor-advised funds (DAFs) to receive charitable IRA distributions if they meet particular conditions, according to a bill summary .

Other provisions would require all tax-exempt organizations, not just large and small ones, to file their IRS information returns electronically; authorize the alignment of the simplified standard mileage deduction rate for using personal vehicles for volunteer work with the rate for medical or moving purposes; establish a limited exception to the excess business holding tax rules for some philanthropic business holdings; and express the sense of the Senate that charitable giving be a goal of tax reform.

"We are supporting this legislation in its entirety," Hadar Susskind of the Council on Foundations told Tax Analysts, adding that the 1 percent excise tax, IRA-DAF provision, and the "sense of the Senate" language are priorities for his group.

A 1 percent rate, Susskind said, would provide consistency and simplification. "I think having that 1 percent tax across the board makes it clear to everybody [that] you no longer have distinctions where people have to make those choices around that tax; rather, you've got a simplified program, you've got 1 percent, everybody can do that, everybody can understand that," he said. "And frankly, everyone's on an equal playing field then."

Joanne Florino of the Philanthropy Roundtable said in a release  that a 1 percent rate "has strong bipartisan support and allows private foundations to focus their resources on grant-making."

The IRA-DAF provision, Susskind said, would allow donors to split large gifts that typically go to institutions such as universities and hospitals into multiple packages for smaller nonprofits that do social service work on the ground. The Philanthropy Roundtable said the current policy of excluding DAFs from receiving charitable IRA distributions puts local communities at a disadvantage by cutting off what could be "a powerful source of funding for the charities that would ultimately benefit from DAF grant distributions."

Alexander L. Reid, a former Joint Committee on Taxation legislation counsel now with Morgan,

Lewis & Bockius LLP, praised S. 2750, in particular the language on charitable giving and tax reform. "It's great to see strong support for the charitable sector coming from Congress, especially as the tax reform debate continues heating up," he told Tax Analysts. "This bill makes it clear that the charitable deduction is part of the fabric of the tax system rather than a loophole to be reformed. I'm glad to see this becoming a point of bipartisan agreement."

Susskind said that with significant tax reform efforts expected next year, "we want to make sure and have [lawmakers] on the record being really strong and clear about their support for the [charitable] deduction."

In the coming weeks, Susskind said, the Council on Foundations and other charitable giving organizations will visit Capitol Hill to drum up support for S. 2750 and for House bills that include some of the same provisions.