

Bipartisan Senate Bill Aims to Promote Charitable Giving

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By



Bipartisan tax legislation introduced June 13 seeks **to** facilitate **charitable giving** and help private foundations and other nonprofits fulfill their **charitable** missions while regulating publicly available information on charities and their donors.

The Charities Helping Americans Regularly Throughout the Year Act ([S. 1343](#)), introduced by **Senate** Finance Committee members John Thune, R-S.D., and Robert P. Casey Jr., D-Pa., contains several proposals. One provision, an apparent response **to** [fears about identity theft](#) and other concerns with proposed guidance last year ([REG-138344-13](#)), would prohibit the substantiation of **charitable** contributions of \$250 or more by donees.

Also, all tax-exempt organizations — not just the largest and smallest — would be required **to** file their returns electronically. The IRS would also have **to** make return information publicly available in machine-readable format.

A measure long sought by the philanthropic sector would simplify the private foundation excise tax on net investment income. The current two-tiered tax, which foundations say is complicated and often discourages increased payouts in response **to** unanticipated events, would be replaced with a flat 1 percent rate. That means foundations would no longer have **to** calculate prior years' payouts **to** determine which rate **to** pay.

Another provision would allow tax-free **charitable** distributions from IRAs **to** donor-advised funds. The provision comes with new disclosure requirements for exempt organizations that sponsor the funds, including disclosure of policies regarding funds that become inactive or fail **to** make distributions.

Alexander L. Reid of Morgan, Lewis and Bockius LLP said the provision does “a good thing by encouraging sponsoring organizations of donor-advised funds **to** adopt policies **to** ensure a robust level of activity.” But Reid, a former Joint Committee on Taxation legislation counsel, also expressed concern that the provision could precede additional governance restrictions, such as a mandatory five-year payout requirement.

Addressing [fears among charities](#) that doubling the standard deduction through tax reform would eliminate the **charitable** deduction for all but 5 percent of taxpayers, the **bill** would express the sense of the **Senate** that Congress “should ensure that the value and scope of the deduction . . . is not diminished during a comprehensive rewrite of the tax code.”

Vikki Spruill of the Council on Foundations praised that language, as well as the foundation excise tax and IRA distribution provisions. “Amidst the ongoing public debate over comprehensive tax reform, this legislation moves forward long-held priorities that help ensure that **charitable giving**, a hallmark of our society, will be protected in any comprehensive tax reform,” she said in a release.

There also would be a limited exception **to** the excess business holdings tax rules for foundations with businesses that dedicate their earnings **to** the foundations' **charitable** purposes. Another provision would align

the simplified standard mileage rate for volunteer **charitable** services with the mileage rate for medical and moving expenses.

i DOCUMENT ATTRIBUTES ▼

CODE SECTIONS	SEC. 170 CHARITABLE , ETC., CONTRIBUTIONS AND GIFTS SEC. 6033 RETURNS BY EXEMPT ORGANIZATIONS SEC. 501 EXEMPTION FROM TAX ON CORPORATIONS, CERTAIN TRUSTS, ETC.
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