Charitable Tax Deduction

Background: 2017 marks the 100th anniversary of the federal Charitable Tax Deduction, an incentive that encourages individuals to give to charitable organizations whose missions they support. Over the past century, the incentive has generated critical resources to further the work of domestic violence shelters, early childhood programs, food banks, religious organizations, homeless shelters, and all other charitable nonprofits.

Potential Changes: With the President and Congressional leaders indicating that federal tax reform is a priority, nonprofits throughout Massachusetts are concerned about any tax code changes that would affect charitable giving.

MNN Position: The Massachusetts Nonprofit Network strongly supports the federal Charitable Tax Deduction and efforts to expand the deduction to all taxpayers. As Congress considers comprehensive federal tax reform, MNN urges Congressional members to consider the following:

- In 2015, Americans contributed almost $265 billion to charities. Various studies from highly-regarded think tanks and universities have found that charitable giving will significantly decline if the Charitable Tax Deduction is limited or constrained.

- Charitable nonprofits in the Commonwealth and throughout the United States are dedicated to the public good. The missions of nonprofits improve lives, strengthen communities and the economy, and lighten the burdens of government, taxpayers, and society as a whole. Maintaining the value of the Charitable Tax Deduction is essential to the ongoing work of nonprofits.

- Any federal tax policy changes that would impact charitable giving could also have a noticeable impact on the Massachusetts economy. The Massachusetts nonprofit sector is a major employer across the state, with 529,538 nonprofit jobs. In total, these jobs account for 17% of the state’s workforce, making Massachusetts the sixth largest nonprofit employer in the nation. In addition, with over $30 billion in wages, the economic impact of nonprofits produces billions of dollars of income, sales, and tax revenues annually for the Commonwealth.

- Americans support expanding the Charitable Tax Deduction. A 2017 poll conducted by Independent Sector found that 85% of American voters support protecting the charitable deduction, and 75% of voters support expanding the charitable deduction to all taxpayers.