

Tax Cuts and Jobs Act Information for Charitable Donors

In January 2018, the Tax Cuts and Jobs Act went into effect across the country. The MCV Foundation's director of gift planning Jane Garnet Brown met recently with nonprofit legal expert Bill Gray to explore what this tax reform means for charitable giving. Bill is a partner at McGuireWoods LLP and legal counsel to the MCV Foundation. You can view a video of their interview [here](#).

There were several provisions that directly affected charities related to their endowments, employee compensation or the taxation of unrelated business activities, but the primary effect will be on the ability of individual donors to deduct their charitable contributions.

Positive Outcomes for Taxpayers

- Lowering the individual income tax brackets
- Repealing provisions that used to cost high-income tax payers up to 80 percent of their itemized deductions
- Raising the annual limit on the amount of cash gifts that individuals can deduct
- Doubling the standard deduction

Negative Outcomes for Taxpayers

Factors that may reduce taxpayers' ability to deduct, or may increase the amount of their income that is subject to tax.

- Eliminating personal exemptions
- Eliminating or curtailing a number of widely used deductions:
 - state and local income taxes
 - property taxes
 - mortgage interest
 - home equity line interest
 - tax return preparation

Many Familiar Techniques for Charitable Giving Remain in Place

Nearly all of the techniques that have traditionally been used for charitable contributions remain just as effective as they ever have been.

- A gift of appreciated securities or other property still avoids capital gains tax.
- Charitable gift annuities and charitable remainder trusts still allow:
 - charitable deductions (if itemized)
 - partially tax-free life-income
- Other tax advantages remain for:
 - charitable lead trusts
 - remainder interests in personal residences or farms
- Donors who are at least age 70 ½ can transfer funds directly from an IRA to a charity tax-free.

For more information about how new tax reform legislation may affect your gift, contact Jane Garnet Brown, MCV Foundation director of gift planning, at (804)828-4599 or janebrown@vcuhealth.org.