Tax Reform & Charitable Giving

The new tax law went into effect on Jan. 1, 2018 and it no doubt will create questions for you. Here are some of the changes to be mindful of as you consider your charitable giving this year.



1. NEW INCOME TAX BRACKETS

The new tax law keeps the existing seven tax brackets but lowers most individual tax rates including the top marginal rate from 39.6 percent to 37 percent.

Income Tax Brackets for Single Filers

New Rate	New Income Bracket	Old Rate	Old Income Bracket
10%	Up to \$9,525	10%	Up to \$9,325
12%	\$9,526-\$38,700	15%	\$9,326-\$37,950
22%	\$38,701-\$82,500	25%	\$37,951-\$91,900
24%	\$82,501-\$157,500	28%	\$91,901-\$191,650
32%	\$157,501-\$200,000	33%	\$191,651-\$416,700
35%	\$200,001-\$500,000	35%	\$416,701-\$418,400
37%	\$500,001+	39.6%	\$418,401+

Individual Income Tax Brackets for Those Married Filing Jointly

New Rate	New Income Bracket	Old Rate	Old Income Bracket
10%	Up to \$19,050	10%	Up to \$18,650
12%	\$19,051-\$77,400	15%	\$18,651-\$75,900
22%	\$77,401-\$165,000	25%	\$75,901-\$153,100
24%	\$165,001-\$315,000	28%	\$153,101-\$233,350
32%	\$315,001-\$400,000	33%	\$233,351-\$416,700
35%	\$400,001-\$600,000	35%	\$416,701-\$470,700
37%	\$600,001+	39.6%	\$470,701+

THE EFFECT: You may be in a lower bracket this year and pay less taxes. You may now have an opportunity to give more to the charitable organizations you care about.

2. NEARLY DOUBLED THE STANDARD DEDUCTION

The standard deduction increased to \$24,000 for joint filers and \$12,000 for individual filers.

THE EFFECT: You are much less likely to itemize on your taxes and use the income tax charitable deduction. You may now have an incentive to give more to charity in one particular year over another to exceed the standard deduction and itemize your deductions.

3. CHARITABLE CONTRIBUTIONS FOR CASH GIFTS

The law increased the current 50 percent AGI limitation for cash contributions to 60 percent and retains the 5-year carry-over.

THE EFFECT: Wealthier donors may consider increasing their cash gifts.

4. ESTATE TAX EXEMPTION

The threshold for triggering an estate, gift or generation-skipping tax was raised to \$11.2 million per person (\$22.4 million for a married couple).

THE EFFECT: Only the ultra wealthy will be subject to estate tax under the new law. (By comparison, the rates in 2017 were \$5.49 million for individuals and \$10.98 million for married couples.) If you have a high net worth you may no longer anticipate being subject to estate tax and have an incentive to make large gifts during your lifetime to obtain an income tax charitable deduction instead of waiting until after your lifetime.