

Gift Deductions Comparison OBBBA**

	2025	2026
Non-itemizers	No federal tax deduction for charitable donations.	Deduction \$1,000/Single filers \$2,000/Married filing jointly. Cash only – no securities or real property Gifts cannot go to donor advised funds.
Itemizers (Deduction Floor)	No floor. Charitable contributions are deductible starting with the first dollar given, subject to Adjusted Gross Income (AGI) limits.	A new floor is introduced. Charitable contributions are only deductible for the amount that exceeds 0.5% of the taxpayer's Adjusted Gross Income (AGI).
High-income earners	The value of an itemized deduction for those in the 37% tax bracket is based on the full 37% marginal rate.	The value of an itemized deduction for those in the 37% tax bracket is capped at a 35% tax rate.
Contribution limits	Cash contributions to public charities are deductible up to 60% of AGI, with excess carried forward for five years. This was made permanent by the OBBBA.	The same 60% of AGI limit applies, but the 0.5% AGI floor applies first. The five-year carryforward rule remains in place.

** One, Big Beautiful Bill Act (OBBBA) became effective July 4, 2025, with some immediate changes and others changes that will occur in 2026 and later.

Many factors affect each taxpayers' options and eligibility for income tax deductions.

The Christian Church Foundation does not provide tax or legal advice and the information offered here is solely informational.

Giving 2025 vs. 2026**

Example 1 **Standard deduction filers**

Couple with \$100,000 AGI and \$1,500 in annual cash donations

2025 Standard deduction of \$31,500 and no additional tax benefit for their donations

2026 Standard deduction (estimated to increase to \$32,200) and claim the \$1,500 cash donation deduction. Total deductions of \$33,700.

Example 2 **Itemizing filers (Moderate income)**

Couple with \$200,000 AGI and \$10,000 in annual cash donations

2025 Deduct the full \$10,000 gift as an itemized deduction

2026 The new 0.5% AGI floor applies. The first \$1,000 (0.5% of \$200,000) of their donation is not deductible.
Deduction decreases to \$9,000 (\$10,000 - \$1,000).

Example 3 **High-income earner with large donations**

Individual with \$700,000 AGI and \$100,000 in annual cash donations

2025 Top-bracket taxpayer, \$100,000 donation reduces tax liability by \$37,000 (37% tax rate)

2026: Subject to the 0.5% AGI floor, first \$3,500 of the donation is not deductible
The cap on the tax benefit for their bracket limits their savings to 35%. (not the prior 37%)
The \$100,000 donation yields a deduction of \$96,500 (\$100,000 - \$3,500), which reduces their tax liability by \$33,775 (35% rate).

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