



Tax Policy Matters

As Congress contemplates changes to the tax code, it is important to acknowledge that tax code provisions matter to philanthropy. Changes to the code can enhance and expand philanthropy's impact. Or, they can constrain or diminish the ability of philanthropic organizations to conduct our work, ultimately hurting the communities they serve.

Charitable "Tax Extenders": Congress should permanently extend the charitable "tax extenders".

- The charitable "tax extenders" — the IRA rollover and the enhanced deductions for food inventory donations and land conservation — are valuable giving incentives.
- The need for an annual extension of the tax extenders and the lapse of provisions for 2014 creates great uncertainty, ultimately reducing charitable giving.
- The House passed **H.R. 644** in February, which includes the three charitable tax extenders. House and Senate leaders should work together to ensure that these provisions become law.

Private Foundation Excise Tax: Congress should simplify the excise tax to a single, flat rate of 1 percent.

- The current private foundation excise tax has a complicated, two-tier structure which can create disincentives for unanticipated grants such as disaster aid that foundations make in times of emergency or dire need. The tax is also complicated and unpredictable for foundation staff and hinders flexibility in grantmaking.
- The current tax requires constant monitoring of investments and spending — time that would be better spent serving communities.

Donor Advised Funds: Congress should maintain current law, which allows donor advised funds to benefit communities for years to come.

- Donor advised funds (DAFs) allow donors to channel philanthropic giving directly to their communities, enabling people to "give where they live". Community foundations provide meaningful support and guidance for donors to increase their resources and make more effective and lasting investments in their communities.

Charitable Deduction: Congress should advance proposals that increase giving, not diminish it.

- The efforts of philanthropy and nonprofit organizations are supported through charitable giving. Any caps or limits on charitable giving will have a negative impact.
- If donors have less incentive to give, donations could decline by billions, obstructing the critical work of philanthropy and nonprofits.