



# AUGUST ADVOCACY TOOLKIT

## Why Tax Policy Matters

Updated: July 23, 2015

*Philanthropy is a bedrock component of American tradition and culture. It is successful because it is flexible and innovative in how resources are directed to address a whole range of issues in communities at the right time and right place.*

*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 included the three charitable "tax extenders." In July, the Senate Finance Committee advanced a bill to extend the provisions for just two years. House and Senate leaders should work together to ensure that these provisions become permanent 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 making unanticipated grants, such as disaster aid made by a foundation during 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." DAFs enable community foundations to provide meaningful support and make more effective and lasting investments in their communities.



# AUGUST ADVOCACY TOOLKIT

**Charitable Deduction: Congress should advance proposals that strengthen philanthropy and the communities it serves—not threaten or weaken it.**

- The work of philanthropy and nonprofit organizations is facilitated through charitable giving. Any caps or limits on charitable giving will have a negative impact on this important work.
- Caps or limits on charitable giving will have a cascading impact on—and a very real cost to—nonprofits and philanthropic organizations, and the millions of Americans who rely on their services.