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STRATEGIC GUIDE FOR CHARITABLE DEDUCTION RULES CHANGES IN 2026

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Charitable giving can change lives, strengthen communities, advance research, and create opportunities for future generations.

For many donors, the impact of a gift matters more than the tax benefit. Still, tax rules can influence how and when contributions are made, particularly for individuals who give regularly or make larger gifts.



Several tax law changes taking effect in 2026 may affect charitable deductions. Some taxpayers could receive a new benefit, while others may see their deductions reduced. Understanding these changes can help donors support the causes they care about while making informed financial decisions.

A New Benefit for Taxpayers Who Do Not Itemize

Taxpayers who claim the standard deduction may once again receive a federal tax benefit for charitable giving.
Eligible taxpayers may generally deduct up to $1,000 in qualifying cash contributions, or $2,000 for married taxpayers filing jointly, subject to applicable requirements and limitations. Gifts to donor-advised funds and certain private foundations may not qualify.

This provision gives more taxpayers an opportunity to receive a benefit from charitable giving, even when itemizing deductions does not make financial sense.
Documentation remains important. Donors should retain bank statements, receipts, and written acknowledgments when required.

A New Threshold for Itemized Charitable Deductions

Taxpayers who itemize generally may deduct charitable contributions only to the extent that their total giving exceeds 0.5% of adjusted gross income (AGI).

For example, a taxpayer with an AGI of $200,000 would generally not receive a charitable deduction for the first $1,000 contributed during the year. Contributions above that amount may qualify for a deduction.
Although the effect may be limited for occasional gifts, the threshold could reduce the tax benefit for individuals and families who give regularly.

The 60% AGI Contribution Limit Generally Remains Available

The rule allowing deductions for cash contributions to qualifying public charities of up to 60% of AGI generally remains in place, subject to other applicable rules and limitations.

This provides flexibility for donors supporting major fundraising campaigns, significant charitable projects, or substantial one-time gifts.

High-Income Donors May See Reduced Tax Benefits

Taxpayers in the highest federal income tax bracket (37%) may receive less tax savings from itemized deductions, including charitable contributions, as the maximum tax benefit from itemized deductions is capped at 35%.

As a result, some high-income donors may want to reconsider the timing and structure of larger gifts as part of their broader tax planning.

Donor-Advised Funds Can Still Provide Flexibility

Donor-advised funds (DAFs) continue to provide flexibility for individuals and families with longer-term charitable goals.

A DAF allows a donor to make a charitable contribution, potentially receive an immediate tax deduction, and then recommend grants to charities over time. This can help donors separate the timing of their contribution from when funds are ultimately distributed to charitable organizations.

Contributions remain subject to applicable charitable deduction rules, and gifts to DAFs generally do not qualify for the new deduction available to certain non-itemizers.

For donors already considering a DAF, it may be worth reviewing how it fits with the timing of their contributions, income, and longer-term charitable plans.

Have questions or need more information? Please reach out to your Prager Metis professional.

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Qualified Charitable Distributions Remain an Option

Individuals age 70½ or older may continue making Qualified Charitable Distributions (QCDs) directly from IRAs to eligible charities, subject to annual IRS limits and eligibility requirements.

Because QCDs are generally excluded from taxable income rather than claimed as itemized deductions, they may remain attractive under the revised rules. A QCD may:

- Be excluded from taxable income.
- Satisfy all or part of a required minimum distribution.
- Provide a benefit regardless of whether the donor itemizes.
- Be less affected by the new charitable deduction limitations.

For eligible taxpayers, QCDs may continue to be one of the more tax-efficient ways to support charitable organizations.

Donating Appreciated Securities

Donating appreciated securities directly to charity may also provide meaningful tax advantages.
In many cases, donors may qualify for a deduction based on the fair market value of the asset while avoiding the capital gains tax that could apply if the asset were sold first. Eligibility requirements and limitations should be reviewed with a tax advisor.

Planning Ahead

Although the rules are changing, donors still have several planning options. Donor-advised funds, QCDs, appreciated securities, and the timing of larger contributions can all play a role in a charitable giving strategy.
Those considering significant gifts may benefit from reviewing their plans before year-end. Depending on individual circumstances, it may be helpful to coordinate contributions with income events, accelerate planned gifts, or consider another tax-efficient approach.

A conversation with a tax advisor can help donors understand how the changes apply to their circumstances and determine an approach that supports both their charitable priorities and broader financial goals.
Learn more about the author, Partner Michael E. Williams, and how proactive tax planning can support your charitable giving goals.

Have questions or need more information? Please reach out to your Prager Metis professional.

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