

"One Big Beautiful Bill Act" (OBBBA)

The "One Big Beautiful Bill Act" (OBBBA), signed into law in July 2025, has introduced several significant changes affecting **annual charitable gifts** starting primarily in the **2026 tax year**. These changes create new incentives for non-itemizers while adding new floors and caps for itemizers and corporations.

Key Provisions Affecting Annual Charitable Gifts (Effective 2026)

Donor Type	Provision	Detail
Non-Itemizers	Above-the-line deduction	Can deduct up to \$1,000 (single filers) or \$2,000 (joint filers) in cash donations to qualified public charities, even if taking the standard deduction. Gifts to Donor-Advised Funds (DAFs) do not qualify.
Itemizers	New deduction floor	Deductions are only available for total charitable contributions that exceed 0.5% of Adjusted Gross Income (AGI) . For example, a taxpayer with a \$100,000 AGI can only deduct gifts over \$500.
High-Income Itemizers	Deduction value cap	The tax benefit of itemized deductions (including charitable ones) is capped at 35% , even for those in the 37% tax bracket. A \$1,000 donation would result in a \$350 tax saving instead of the previous \$370.
Corporations	New deduction floor	Deductions are only available for contributions that exceed 1% of the corporation's taxable income . Contributions below this amount are not deductible.
All Donors	Permanent 60% AGI limit	The ability to deduct cash gifts to public charities up to 60% of AGI has been made permanent.
IRA Donors (70.5+)	Qualified Charitable Distributions (QCDs)	The rules for QCDs remain unchanged, allowing individuals 70.5 and older to transfer up to \$108,000 annually directly from an IRA to a charity tax-free, which can be an effective strategy to bypass the new AGI floor.