TAX POLICY: DRIVER OF GIFTS OR RESTRICTOR OF GIFTS?

Last year, the Senate Committee on Finance held a hearing on the federal tax treatment of charitable contributions. This type of hearing happens often. However, this time, the Staff of the Joint Committee on Taxation (JCT) expressed concerns prior to the hearing about the following items that deserve our attention:[1]

- The distributional effects of itemized vs. standard deduction
- The valuation of noncash property
- Conservation easement deductions
- The substantial growth of donor advised funds

We will explore these policy concerns raised by the JCT and their impact on charitable giving. After an introduction to each issue, we will discuss ways charitable organizations can address the issue and facilitate more charitable contributions in the future. Before delving into these topics, we will begin with a summary of tax policies and legislation from 1917 to the present that form the historical basis for how Congress (and the Service) have contributed their aggregate thinking into what we currently know as our "charitable planning rules." These historical developments are important to understand because they have led to the concerns we now and in the future face.

[1] Staff of J. Comm. on Tax'n, Present Law and Background Relating to the Federal Tax Treatment of Charitable Contributions, JCX-2-22 (March 11, 2022) [hereinafter 2022 JCT Report].