

**DESCRIPTION OF H.R. 3134,
THE “CHARITABLE GIVING EXTENSION ACT”**

Scheduled for Markup
by the
HOUSE COMMITTEE ON WAYS AND MEANS
on May 29, 2014

Prepared by the Staff
of the
JOINT COMMITTEE ON TAXATION



May 27, 2014
JCX-54-14

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INTRODUCTION

The House Committee on Ways and Means has scheduled a committee markup of H.R. 3134, the “Charitable Giving Extension Act,” on May 29, 2014. This document,¹ prepared by the staff of the Joint Committee on Taxation, provides a description of the bill.

¹ This document may be cited as follows: Joint Committee on Taxation, *Description of H.R. 3134, the “Charitable Giving Extension Act”* (JCX-54-14), May 27, 2014. This document can also be found on our website at www.jct.gov.

**A. Extension of Time for Making Charitable Contributions
(sec. 170 of the Code)**

Present Law

The Internal Revenue Code allows taxpayers an income tax deduction for contributions to certain organizations, including charities, Federal, State, local and Indian tribal governments, and certain other organizations.

To be deductible, a charitable contribution generally must meet several requirements. First, the recipient of the transfer must be eligible to receive charitable contributions (*i.e.*, an organization or entity described in section 170(c)). Second, the transfer must be made with gratuitous intent and without the expectation of a benefit of substantial economic value in return. Third, the transfer must be complete and generally must be a transfer of a donor's entire interest in the contributed property (*i.e.*, not a contingent or partial interest contribution). To qualify for a current year charitable deduction, payment of the contribution must be made within the taxable year.² Fourth, the transfer must be of money or property—contributions of services are not deductible.³ Finally, the transfer must be substantiated and in the proper form.

A charitable deduction generally is claimed on the tax return that is filed for the year in which the contribution is made. The return generally is due by April 15 of the following year, with certain extensions being allowed.

Description of Proposal

The proposal permits individuals to elect to deduct for a taxable year charitable contributions made after the close of that taxable year but not later than the due date (determined without regard to extensions) for the individual's income tax return for that taxable year. Charitable contributions for which an election has been made may not be claimed as a deduction in any other taxable year. The election must be made at the time of the filing of the tax return in the manner provided by the Secretary. For example, if a calendar year individual makes a charitable contribution on February 15, 2015, the individual may elect to treat the contribution as having been made during 2014. The election must be made at the time of the filing of the 2014 income tax return in the manner prescribed by the Secretary.

Effective Date

The proposal applies to contributions made in taxable years beginning after December 31, 2013.

² Sec. 170(a)(1).

³ For example, the value of time spent volunteering for a charitable organization is not deductible. Incidental expenses such as mileage, supplies, or other expenses incurred while volunteering for a charitable organization, however, may be deductible.

B. Estimated Revenue Effects

Fiscal Years [Millions of Dollars]												
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2014-19</u>	<u>2014-24</u>
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