



TAX PROVISIONS: The Charitable Act/PATPA

THE CHARITABLE Act (S. 566)

Congressional Ask:

We urge Members of Congress to co-sponsor S. 566, the Charitable Act, introduced by Senators James Lankford (R-OK) and Chris Coons (D-DE), as well as companion legislation in the House to be introduced this week by Rep. Chris Pappas (NH-1) and Blake Moore (UT-1).

Background:

[The Charitable Act](#) would expand and extend the expired non-itemized deduction for charitable giving. The bill would make available to taxpayers, who do not itemize on their tax return, a below-the-line deduction for charitable giving on federal income taxes valued at up to one-third of the standard deduction (around \$4,500 for an individual filer and around \$9,000 for married joint filers). The standard deductions for tax year 2023 are \$13,850 for individual filers and those married filing separately and \$27,700 for married joint filers.

As part of the CARES Act in March 2020, Congress enacted a \$300 non-itemizer charitable deduction available to all taxpayers. In December 2020, lawmakers extended the availability of the \$300 non-itemizer deduction through 2021 and increased the cap to \$600 for joint filers. Unfortunately, the non-itemizer deduction expired at the end of 2021.

Recent data released by the Fundraising Effectiveness Project shows that the number of donors giving to charity in 2022 compared to 2021 declined by 7 percent. Most of those declines have come from smaller donors who give \$500 or less, who make up the majority of all givers. Compared to the first half of 2021, the number of donors who gave \$100 or less dropped 17.4 percent year

This decline continues a decades-long trend of fewer Americans giving to charity. In 2000, roughly two-thirds of American households gave to charity. Now, that number is below 50 percent, according to the Indiana University Lilly School of Philanthropy.

Restoring and expanding the non-itemizer deduction can help address these troubling trends and help to drive more funds to nonprofits to help them weather the storm of inflation. When the non-itemizer deduction was first enacted in 2020, the number of donors increased by 7.3 percent, with the largest increases coming from those giving \$250 or less (a 15.3 percent increase), according to the Fundraising Effectiveness Project.

While private sector [giving to the arts](#), culture, and humanities increased a remarkable 27.5% to \$23.50 billion, arts have historically been procyclical, meaning that contributions grow faster than average in a

stronger economy but below average during difficult economic times. With economic uncertainty expected to remain for the better part of this year, passage of the charitable act would once again provide and enhance a tax incentive for greater philanthropy.

PERFORMING ARTISTS TAX PARITY ACT (H.R. 2871)

Congressional Ask:

We urge members of Congress to cosponsor H.R. 2871, the Performing Artists Tax Parity Act (PATPA), introduced by Representatives Judy Chu (CA-28) and Vern Buchanan (FL-16). PATPA has not yet been introduced in the Senate in this Congress. It was introduced in the Senate last Congress by Senators Mark Warner (D-VA) and Bill Hagerty (R-TN).

Background:

Over the last 30 years, wages and costs of living have increased across the board, but the Qualified Performing Artist tax deduction has not been updated since its inception in 1986.

The deduction is currently only available to those making less than \$16,000 a year, meaning that very few artists qualify. The Tax and Jobs Act of 2017 exacerbated the problem by eliminating the ability of employees in any industry to deduct work expenses.

PATPA will update and increase the income ceiling to \$100,000 for individuals and \$200,000 for married joint filers, allowing far more lower and middle-income performing artists to receive tax relief for work-related expenses.

Performing artists can spend a large amount of money upfront before they land jobs. Often, they pay for their own headshots, costumes, acting coaches, and travel for auditions—even if they do not get the desired role. They also spend money on promotional expenses such as business cards, audition tapes, professional publicity photos, resumes, portfolios, and website development costs.

PATPA is vitally needed legislation that restores the right of lower and moderate-income performers. The legislation provides tax fairness across the performing artist spectrum for hard-working artists committed to their craft.