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Charitable Deduction Not a Tax Break for the Wealthy

Fundraising Professionals Vow to Protect Charitable Deduction, A Symbol of Government Investment in Philanthropy

(Arlington, VA.) – In response to the President's FY 2014 Budget, which would limit the value of itemized deductions—including the charitable deduction—the president of the Association of Fundraising Professionals (AFP) Andrew Watt, FInstF, and the chair of the AFP Board of Directors Bob Carter, CFRE, have released the following statement:

> *One of the defining characteristics of the United States is its strength of community and the way in which communities across America come together to address common needs and challenges. The intrinsic value of the charitable sector is what we achieve—impact in communities. The charitable deduction enhances that impact by encouraging and sustaining the culture of giving in our country.*
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> *We need to have many conversations in this country. Those will certainly include fiscal matters. But when it comes to the charitable sector, we need context, an*

understanding of the charitable deduction's uniqueness and impact on our communities. That understanding is evident in the Administration's proposed "Buffett rule" that specifically protects the charitable deduction from limits on itemized deductions for higher income taxpayers. We applaud this recognition of the charitable deduction's fundamental and distinctive value.

However, the Administration also includes a proposal in the Budget that would cap all itemized deductions—including the charitable deduction—at 28 percent for certain taxpayers, which would reflect a potential loss of $80 billion in charitable contributions over a ten-year period at a time when direct investment in communities is vital. We must remember that the charitable deduction actually helps the government in providing support for critical programs and services during challenging times. Altering the deduction means less giving—and in turn, less capacity for charities to provide those programs and services.

The charitable deduction is not a tax break for the wealthy. It is the ONLY deduction that encourages altruistic and selfless behavior. It is the ONLY deduction where the taxpayer doesn't benefit directly from the money paid—instead it is used on charitable programs and services, as opposed to a house or personal medical or educational expenses. It is the ONLY deduction that addresses key social issues and challenges that our country is facing.

The deduction's enhancement value is clear: a calculation of the deduction shows that for every one dollar of potential tax revenue invested through the deduction, the public and communities across America receive approximately three dollars in philanthropic services. That rate of return is extraordinary. We should be investing more in the deduction and encouraging additional philanthropy, not finding ways to limit or cap it.

The Association of Fundraising Professionals urges the Administration and Congress to protect the charitable deduction—and America's extraordinary history and tradition of philanthropy.

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Since 1960, the Association of Fundraising Professionals (AFP) has inspired global change—helping nonprofits and charities and supporting fundraising efforts that have generated more than $1 trillion. AFP advances effective and ethical philanthropy by providing advocacy, research, education, mentoring, collaboration and technology opportunities for the world's largest network of professional fundraisers. AFP's nearly 30,000 members raise more than $100 billion annually, equivalent to more than one-third of charitable giving in North America, with millions more generated around the world. For more information, go to www.afpnet.org.

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