

# Charitable Giving & Tax Changes Coming in 2026

## What Mississippi State University Supporters Should Know

Beginning in 2026, several federal tax rules will change how charitable gifts are deducted. These updates create new opportunities for many donors while introducing limits for others. Below is a simplified summary.

### 1. New Deduction for Non-Itemizers

Starting in 2026, individuals may deduct up to \$1,000 and couples up to \$2,000 for cash gifts to public charities—even without itemizing. This allows nearly 90% of households to receive a tax benefit for giving.

### 2. New “0.5% Rule” for Itemizers

If you itemize deductions, only the portion of giving that exceeds 0.5% of Adjusted Gross Income (AGI) is deductible. Example: A household with \$300,000 AGI may deduct gifts only beyond \$1,500. Corporations face a similar 1% threshold. “Bunching” multiple years of gifts may restore full deductibility.

### 3. 35% Cap on Deduction Value

For donors in tax brackets above 35%, the deduction value is capped at 35%, even if their marginal rate is higher.

## What Stays the Same

Qualified Charitable Distributions (QCDs) from IRAs and private foundation distributions to public charities remain unchanged.

## Smart Giving Strategies Before 2026

- Accelerate giving into 2025
- Use bunching to exceed the 0.5% floor
- Donate appreciated assets to avoid capital gains taxes