



WHAT THE 2025 TAX LAW MEANS FOR YOUR CHARITABLE GIVING AT NCF

The One Big Beautiful Bill Act (OBBBA)

The passage of the OBBBA in 2025 introduced new opportunities and challenges for givers navigating wise charitable strategies. These changes affected deductions, income tax rates, estate and gift exemptions, and more. This year, the OBBBA introduces additional provisions. If you're committed to tax-efficient giving, now is the time to learn how the OBBBA might impact your charitable gifts.

Changes that may impact your giving

Increased standard deduction (for nonitemizers)

Last year, OBBBA made the higher standard deduction permanent and increased it, continuing to benefit taxpayers this year. In 2026, the standard deduction is \$16,100 for individuals and \$32,200 for joint filers. While this simplifies tax filing, it also reduces the number of taxpayers who itemize deductions.

How you can respond:

If your deductions don't regularly exceed the standard deduction, consider bunching multiple years' worth of giving every few years, using the itemized deductions in those bunching years and the standard deduction in the others. If the temporary increase in the state and local tax deduction limit (up to \$40,000 through 2029) is relevant to you, it may be a nice addition to your deductions in the years you itemize.

Charitable deduction floors (for itemizers)

Beginning this year, the OBBBA introduces new "floors" for charitable deductions. This means individuals can only deduct charitable gifts that exceed 0.5% of their adjusted gross income (AGI), and for C corporations, 1% of taxable income. Since annual giving limits weren't increased, this effectively reduces the annual amount that can be deducted.

Here's how it works: If you're an individual with AGI of \$500,000, this provision reduces your available charitable deductions by \$2,500. While this floor is small, it does marginally reduce incentives for charitable giving.

About the OBBBA

On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was signed into law, making permanent many of the provisions from the 2017 Tax Cuts and Jobs Act (TCJA) and introducing several new ones. It also set spending budgets for many government programs, increasing some and reducing others.

While the OBBBA contains many more provisions, this summary of some of the provisions related to charitable giving highlights a few of the most important challenges, as well as opportunities for encouraging and enabling greater generosity during the days and years ahead.

If you'd like to review the complete text of the OBBBA, visit ncfgiving.com/OBBBA

How you can respond:

Work with your advisors to determine whether you should bunch your itemized giving, making your larger gifts in years you have lower AGI to limit the effect of the floor.

Itemized deduction limits

Prior to the TCJA, wealthy taxpayers were subject to some complicated limitations on the total amount they could itemize. Beginning this year, the OBBBA replaces this with a simpler calculation. The highest earners will see their itemized deductions reduced, lowering their tax benefit in the highest tax bracket from 37% to 35%.

University endowment excise tax increase

Beginning this year, the OBBBA substantially increases the excise taxes on investment income from endowments of private colleges and universities, especially the largest endowments.

How you can respond:

Givers with a heart for higher education might consider making substantial gifts to a Giving Fund at NCF rather than making direct gifts to college endowments. Then, you can use your Giving Fund to support colleges and universities to cover ongoing expenses.

Above-the-line charitable deduction (for nonitemizers)

Beginning this year, the OBBBA introduces an additional charitable deduction for nonitemizers (an above-the-line deduction). This permanent deduction allows givers who don't itemize to deduct up to \$1,000 (\$2,000 for joint filers) from their taxable income for cash gifts made to churches and public charities (but not to Giving Funds or Supporting Organizations). This is in addition to the standard deduction.

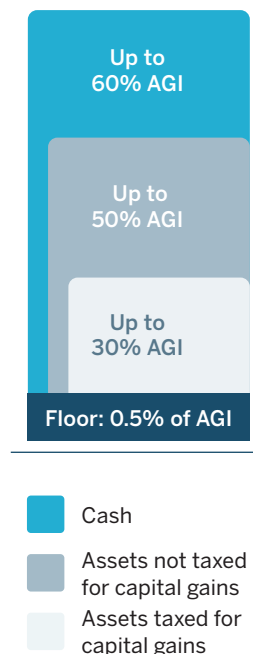
Permanent extension of TCJA provisions

The OBBBA made several tax breaks from the 2017 TCJA permanent and even enhanced some of them. Many of these benefits now adjust automatically for inflation. This stability in tax rules provides more predictability, which should help with charitable planning.

Here are a few examples of what was made permanent:

- 60% AGI limit for cash gifts from itemizers made permanent
- Increased estate and gift-tax lifetime exclusion (now \$15M for individuals and \$30M for married couples)
- Individual tax rates (10%-37%)
- Increased child tax credit is \$2,200 (began in 2025)
- Increased alternative minimum tax exemption amounts (keeping fewer people subject to AMT)
- Mortgage interest deduction limit kept at \$750,000 (mortgage insurance premiums now treated as interest)

New deduction limits for gifts to churches, DAFs & charities



- Qualified business income deduction for certain pass-through income made permanent (includes earnings from sole proprietorships, partnerships, and S corporations, but does not include wages or capital gains)
- Full expensing for certain business assets made permanent (includes machinery, equipment, some land improvements, and some tangible personal property)

This permanence should give individuals, business owners, and their advisors the ability to forecast taxes with greater certainty (including in estate planning), leading to better personal, charitable, and business planning and potentially freeing up gifts of cash and assets so you have more to give.

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