

CHARITY Act of 2019

Summary of Provisions

Section 1 – Short Title: *Charities Helping Americans Regularly Throughout the Year (CHARITY) Act of 2019.*

Section 2 – Standard Mileage Rate: This section would require the Treasury Department to align the simplified standard-mileage rate, which applies for purposes of deducting the use of a personal vehicle for volunteer charitable services, with the mileage rate that applies to the deduction for medical and moving expenses. The IRS has the authority to adjust the mileage rates applicable to business and medical/moving deductions so they can keep pace with inflation. However, no authority exists under current law to adjust the mileage rate for charitable activities, and the mileage rate has remained unchanged since 1997.

Section 3 – Require Non-Profits to File Form 990 Electronically: Current law requires only the smallest and largest tax-exempt organizations to file their annual returns electronically. This section would require any tax-exempt organization currently required to file Form 990 to do so in electronic form. This section also requires the IRS to make the information on Form 990s available to the public as soon as practicable in a machine-readable format. The provision would increase transparency and accuracy while reducing opportunities for tax identity theft and fraud. This section provides authority for the IRS to phase in the electronic filing requirement for smaller tax-exempt organizations.

Section 4 – Donor Advised Funds IRA Rollover Eligibility and Transparency: This section would expand the provision under current law that permits an owner of an individual retirement account (IRA), who is at least 70½ years old, to exclude from his or her gross income up to \$100,000 per year in distributions that are made directly from the owner's IRA to certain public charities. This section would permit distributions also to be made to donor-advised funds (DAFs). In addition, it would modify the disclosures that tax-exempt organizations that sponsor DAFs must make each year so they include the number of DAFs that had been in existence for 36 months at the end of the tax year as well as the number of those DAFs that made grants during that same 36-month period. Additionally, the DAF-sponsoring organization would be required to indicate whether or not it has a policy with respect to DAFs that become inactive, dormant, or fail to make distributions, describe its policy for responding to such funds, and indicate whether or not the sponsoring organization monitors and enforces that policy. Permitting DAFs to qualify for IRA rollovers would help community foundations and other public charities that maintain DAFs further their charitable mission in a transparent manner.

Section 5 – Private Foundation Excise Tax Simplification: This section would simplify the calculation of the excise tax that applies to the investment income of private foundations. The simplified approach would provide greater certainty to private foundations that currently are required to calculate a tax rate based on charitable distributions over the previous five years. Specifically, the provision would impose a 1-percent excise tax on investment income, but would not require foundations to expend time and resources to calculate the payout rates of previous years.