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CONTRIBUTION DEDUCTIONS
BY INDIVIDUALS**

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THE NONPROFIT PARKING TAX**

By Mike Batts, CPA



NONPROFIT SPECIAL ALERT™



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Senate Finance Committee Proposal Would Create First-Ever “Floor” for Charitable Contribution Deductions by Individuals

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By Mike Batts, CPA

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The US Senate Finance Committee (SFC) released yesterday its proposal for major tax legislation,¹ and the proposal includes a first-ever “floor” for charitable contribution deductions for individual taxpayers who itemize deductions. The proposal would allow as an itemized deduction only charitable contributions that exceed 0.5 percent (one-half of one percent) of a taxpayer’s “contribution base” (which is generally a taxpayer’s adjusted gross income). So, for example, if a married couple filing jointly has an adjusted gross income of \$200,000, the floor would be \$1,000. The taxpayers in this example would be able to deduct as an itemized deduction their qualifying charitable contributions in excess of \$1,000...up to the standard limits that exist under federal tax law.

This proposal by the SFC varies significantly from legislation recently passed by the House of Representatives, which did not include a floor for charitable contributions.

We provided an overview of significant elements of the House legislation in our Alert dated May 14, 2025.²

SFC Also Proposes a Larger Charitable Deduction for Nonitemizers

The SFC’s proposal also includes a significantly larger charitable contribution deduction than the House legislation provided for taxpayers who do not itemize deductions. The SFC proposal would allow a deduction of up to \$1,000 for single taxpayers and up to \$2,000 for married couples filing jointly who do not itemize deductions. (The corresponding amounts in the House legislation were \$150 and \$300.)

SFC Proposal Does Not Include Resurrection of the Nonprofit Parking Tax

We previously reported in our May 14 Alert that the House legislation would resurrect the infamous (and, in my opinion, absurd) “nonprofit parking tax,” a provision that would require covered nonprofits to treat certain expenses they incur for employee parking as taxable income.³

Notably, the SFC proposal does not include that provision – an encouraging development.

Now Come the Negotiations to Settle on a Final Bill

The SFC proposal contains a number of provisions that match or are similar to provisions in the House legislation, as well as some significant differences. The differences between the two versions of proposed tax legislation must be negotiated between the two chambers of Congress in the coming weeks to develop final legislation.

¹ Source: <https://www.finance.senate.gov/tax-reform-2025>

^{2,3} Source: <https://nonprofitcpa.com/major-new-house-tax-bill-would-resurrect-the-nonprofit-parking-tax-with-new-exemptions-includes-other-significant-proposed-changes-impacting-nonprofits/>