



## Understanding the One Big Beautiful Bill Act (OBBBA): What Fundraisers Need to Know

Prepared by the Association of Fundraising Professionals (AFP). The One Big Beautiful Bill Act (OBBBA) reshapes charitable giving rules beginning January 1, 2026. AFP advocated for and helped secure the permanent universal charitable deduction, one of the most significant wins for the fundraising profession in decades.

### What Changed

- New, permanent universal deduction: All non-itemizers can deduct charitable gifts up to \$1,000 (\$2,000 for couples).
- New floor and cap impacting itemizers: Charitable deductions apply only to gifts above 0.5% of income, and the total deduction value is capped at 35%.
- Corporate giving floor: Corporations can only deduct gifts above 1% of income, which may lead to fewer—but larger—corporate donations.
- Estate tax certainty: Higher lifetime giving limits encourage donors to make significant gifts while living.

### Why It Matters for Fundraisers

1. Small donors will benefit again—more than 90% of taxpayers now have a giving incentive.
2. Mid-level and major donors will plan gifts more strategically to meet new thresholds.
3. Corporate partners may consolidate giving to exceed the 1% floor.
4. Seniors can continue to use Qualified Charitable Distributions (QCDs) from IRAs to give tax-efficiency.

### Action Steps for Fundraisers

- Update appeals to include “Your gift may be tax-deductible, even if you don’t itemize.”
- Encourage high-end donors and companies to make 2025 gifts before the new rules start.
- Host donor and advisor education sessions about QCDs and new thresholds.
- Work with finance teams and boards to anticipate giving shifts.

### AFP’s Role

AFP continues to lead advocacy on behalf of the fundraising profession to expand giving incentives and protect the charitable sector. Fundraisers play a key role in ensuring the law fulfills its purpose: to inspire generosity at every level.