



ILLINOIS GIVES TAX CREDIT ACT

Rewards Donors with a 25% Income Tax Credit

Effective January 1, 2025

What is the official name of the legislation?

Illinois Gives Tax Credit Act - HB4951/Public Act 103-0592, Article 170

What does the Illinois Tax Credit Act do?

The Illinois Gives Tax Credit Act encourages individual donors by offering an additional 25% tax credit for endowed gifts to Illinois Community Foundations. The goal is to encourage permanent endowments at Community Foundations to benefit Illinois communities. Forever.

How much is available?

\$5M in tax credits, allowing for \$20M in donations.

Individual taxpayers can claim up to \$100,000 in tax credits, equating to a \$400,000 donation.

Any accredited community foundation may allocate up to 15% (\$3M) of the total tax credit.

Is this a federal tax credit?

It is not a federal tax credit but only for Illinois income tax.

Do I have to be an Illinois resident?

You don't have to be an Illinois resident to claim the tax credit if you pay Illinois income tax.

Who qualifies as a “donor”?

Any Illinois taxpayer, including individual and joint filers, corporations, partnerships, trusts, and estates, can make an eligible gift to a community foundation. This Act is designed to include all Illinois taxpayers, ensuring everyone can contribute to the community.

What is an “eligible gift”?

A donation to an endowed fund at an accredited Illinois community foundation.

What assets can become gifts?

Community Foundations accept multiple assets as gifts, including cash, stocks, marketable securities, bequests, retirement assets, life insurance,



charitable gift annuities, land, business, commodities, antiques, and cryptocurrency.

What is an “endowed fund”?

An endowed fund is permanently invested to allow for growth and preserve assets. Investment earnings are used to make annual payouts to Illinois nonprofits.

What types of funds can become endowed?

Community Foundation, “eligible” endowments include fields of interest, scholarships, nonprofit partners, and designated funds.

Can these endowed funds benefit charities outside of Illinois?

No. Endowed funds receiving gifts under this Act must award grants to Illinois nonprofits.

Are gifts to any charitable organization eligible for this tax credit?

Only gifts to non-DAF (Donor Advised Fund) permanent endowments at accredited Illinois Community Foundations are eligible. Gifts given directly to nonprofits, private foundations, and family foundations are not eligible for this tax credit.

How are these donations documented?

Community Foundations document gifts and confirm receipt with the donor. The charitable tax receipt dates the gift and confirms the Donor did not receive goods or services in the exchange. The Illinois Department of Revenue will provide the necessary paperwork and process for donors to claim this credit.

What are National Standards?

[Community Foundations National Standards®](#) (National Standards) is an accreditation program created by community foundations for community foundations. National Standards accreditation stands for operational effectiveness in fostering excellence in community philanthropy.

Are donor-advised funds included in “eligible” endowments?

No, not currently.

How can I move forward to receive this tax credit?

Select an eligible endowment fund at an accredited Illinois Community Foundation. You can create a new fund based on your philanthropic wishes or contribute to an existing fund.

It is advised that you set up the fund by December 1, 2024.