[Print this page](https://www.councilofnonprofits.org/print/pdf/node/1241)

**July 3, 2025**

**Congress Passes Major Tax Package; Nonprofits Directly Impacted**

After months of debate and negotiations, the House has voted to approve H.R. 1, formerly known as the “One Big Beautiful Bill Act,” a major tax package that directly impacts the nonprofit sector and its ability to serve communities nationwide. The bill now heads to the President’s desk to be signed into law.

The final bill – approved by the House and Senate – will ultimately reduce resources available to nonprofit organizations, negatively impacting their ability to provide essential services to their local communities. The final bill also harms millions of people by taking away their access to healthcare and food assistance. For more details, see NCN’s [updated chart of tax provisions](https://www.councilofnonprofits.org/files/media/documents/2025/chart-tax-legislation-2025.pdf) and [press statement](https://www.councilofnonprofits.org/pressreleases/new-tax-law-threatens-nonprofits-ability-serve-communities-warns-national-council) on final passage.

Thanks to the effective advocacy of nonprofits nationwide and congressional champions, the final bill includes a new universal charitable deduction to encourage charitable giving among the approximately 90% of taxpayers who do not itemize their deductions. Under this provision - which is modeled after the bipartisan [Charitable Act](https://www.councilofnonprofits.org/files/media/documents/2025/ncn-charitable-act-2025.pdf) introduced by Sen. Lankford (R-OK), Sen. Coons (D-DE), Rep. Moore (R-UT), and Rep. Pappas (D-NH) - individuals could receive a tax incentive up to $1,000 and married couples could receive up to $2,000. The universal deduction could help incentivize greater giving to the work of nonprofits in communities, encourage taxpayers to give more to the missions they support, and help reduce demands on governments. This provision is [estimated to generate $74 billion](https://www.jct.gov/publications/2025/jcx-29-25/) over 10 years for nonprofit organizations.

Despite this positive addition, the final bill includes several other provisions that disincentivize charitable giving. The bill decreases the value of the charitable deduction for high-income taxpayers by capping itemized deductions, sets a new 0.5% floor for the itemized charitable deduction, and discourages corporate giving by creating a 1% floor for charitable contributions by corporations. At a time when nonprofit organizations face enormous financial challenges, these tax provisions will make it harder for organizations to fill gaps unmet by local, state, and federal governments and the private sector. Together, these provisions are [estimated to reduce resources for nonprofit organizations by at least $81 billion](https://www.jct.gov/publications/2025/jcx-29-25/) over 10 years.

The final bill directly harms millions of people by taking away their access to healthcare and food security. The bill makes significant changes to Medicaid and the Supplemental Nutrition Assistance Program (SNAP) that will lead to millions more people without access to these vital safety net programs, putting more pressure on nonprofit organizations to meet these needs.

Because of the effective advocacy of nonprofit organizations, however, the final bill is a marked improvement over earlier versions. Nearly[2,300 nonprofit organizations signed a national letter](https://www.councilofnonprofits.org/files/media/documents/2025/national-letter-protect-and-strengthen-nonprofits-in-the-tax-package.pdf) – led by NCN, Council on Foundations, Independent Sector, and United Philanthropy Forum – urging Congress to protect the nonprofit sector and its ability to serve communities. Thousands more contacted their Members of Congress, published op-eds and letters to the editor, educated community members, and more! As a result of this collective advocacy, congressional leaders removed several provisions that would have significantly harmed the nonprofit community, including provisions that would have granted unprecedented authority to the Executive Branch to revoke nonprofit tax-exempt status without due process and imposed new taxes on foundations and the transportation benefits provided by nonprofit employers that would have further reduced resources available to serve communities. Thank you for your steadfast advocacy over the past several months!

NCN will continue to monitor the impact of the tax law as it is implemented in communities nationwide, and we will continue to advocate for legislation to bolster the capacity of nonprofit organizations to serve their communities.

**Resources**

* Bill Text: [H.R. 1](https://www.congress.gov/bill/119th-congress/house-bill/1)
* [Chart of Tax Provisions Affecting Charitable Nonprofits](https://www.councilofnonprofits.org/files/media/documents/2025/chart-tax-legislation-2025.pdf), National Council of Nonprofits.