

Donations At Checkout

Assertion: “This meme basically states that companies collecting donations at the register are using these donations as their own donations to lower their tax burden.”

Problem:

- 1) The “donation income” offsets any “donation expense” resulting in no change in profit and zero tax benefit. For this to benefit the company it would have to generate excess expense. Not to mention this is fraud and illegal.
- 2) There is no evidence that this occurs – it is only a claim, ranking up there with the earth is flat and a Martian ate my cat.

In normal operations, if a company sells you a widget or service for a dollar with the expenses of buying and selling that widget or service are \$0.90, the profit is \$0.10. The \$0.10 profit is what is taxed. $\text{Income} - \text{expenses} = \text{net profit}$, otherwise known as taxable income.

If they take in \$1.00 in donation income, the \$1.00 donation expense leaves zero profit to be taxed, but nothing extra to reduce any other income – aka just offsetting the income from your donation. To claim more money in deductions they could fail to account for that income. However, with modern bookkeeping (double entry bookkeeping, with the term modern meaning the last thousand years), then their books won’t balance. A transaction’s debits must balance its credits.

Further, anyone investigating the company concerning donations would easily determine they were taking donations at a register then making the donations as the company’s. This is both regular fraud, by taking donations then using them for personal gain, and tax fraud, by claiming a donation they couldn’t normally claim.

If they wanted to commit fraud, it would be safer ways to do it that would be harder to catch.

This claim makes no sense and isn’t backed up by evidence.