

## #19 FairTax and Charity

Christmas time, with all the giving and charity it encompasses, may seem a strange time to talk about taxes, but, in fact, taxes have a profound impact on our lives and how we view charitable giving.

Under the current tax system, individuals are “encouraged” to make charitable donations by providing a tax deduction for donations to approved institutions and causes. (If you make a donation to an unapproved cause, regardless of the merits, you are not allowed to claim a deduction and, in fact, the recipient has to pay taxes on the donation.) Unfortunately, under this system, your “donation” is really just a tax payment made directly to a government approved institution, instead of to the IRS.

Some argue that this is a good system because it results in higher donations.

Unfortunately, this theory is wrong. Numerous studies have shown that an income tax deduction has little or no effect on the amount individuals donate to charities. Instead, the controlling factor is how much disposable income individuals have. In these studies, regardless of the income level, more disposable income results in more charitable giving.

And, as we’ve amply demonstrated in previous columns, the FairTax puts more money in our pockets, and gives us more freedom in deciding how to spend that money.

What this means is that opponents of the FairTax, worried about it’s effects on charitable giving, have it exactly backwards. Instead of forcing people to “give it up” as the current income tax system does, the FairTax is likely to result in more voluntary charitable donations as individuals see their paychecks increase and businesses expand under the supercharged economy.

But, even more profoundly, the FairTax promotes real charitable giving because we do it voluntarily and to whom we feel will benefit the most from our sacrifice. Religious leaders and philosophers have waxed eloquent through the ages on the rewards of giving, but the current income tax system has turned charity into simply another form of tax avoidance. Instead of the Happiness of helping others, the only satisfaction we get from our donations is the Glee of having outsmarted the tax collector for another year.

That is wrong, and, as a Nation, we are poorer for it.

The FairTax would help us regain the Joy of Giving.

If you’d like to learn more about the FairTax, please visit [www.ohfairtax.org](http://www.ohfairtax.org).

Merry Christmas

Steve Curtis  
State Director, Ohio FairTax