



**CAPITAL AREA
FOOD NETWORK**

**SAVE THE FOOD
WAKE COUNTY**

Tax Incentives for Donating Food & Excess Food Inventory

While there are no North Carolina tax incentives for food donations, North Carolina businesses are eligible for federal tax incentives. Non-C corporations/businesses such as farmers, retailers, restaurants, and food manufacturers can receive an enhanced tax deduction (up to 15% of their taxable income) for donating food or excess inventory.

The enhanced tax deduction allows the donor to deduct the lesser of either:

Option A) Twice the basis value of the donated food

OR

Option B) The basis value of the donated food plus one-half of the food's expected profit margin if sold at the fair market value (but it cannot exceed twice the basis value).

For example: The selling price of a gallon of organic milk \$5.00 (fair market value). The cost to produce the milk is \$2.00 (basis value), therefore the profit margin of the milk is \$3.00.

— Under Option A: If the gallon of milk were donated, the tax deduction would be: $\$2.00$ (basis value) $\times 2 =$ $\$4.00$ tax deduction

— Under Option B: If the gallon of milk were donated, the tax deduction would be: $\$2.00$ (basis value) plus $\$1.50$ (one-half of expected profit margin) = $\$3.50$ tax deduction...which does not exceed twice the basis value ($\$2.00 \times 2 = \4.00)

Because businesses are required to take the lesser value deduction, the milk donor would be eligible for Option B, the $\$3.50$ tax deduction.

In order to qualify for the enhanced tax deduction when food or inventory is donated, the following requirements must be met:

1. The donor must donate their food or inventory to a qualified 501(c)(3) nonprofit like Food Bank CENC or IFFS.
2. Food Bank CENC or IFFS must use the donated food only for charitable purposes.
3. The food must be used for the care of the ill, needy, or infants.
4. The food may not be transferred by Food Bank CENC or IFFS in exchange for money, other property, or services.
5. Food Bank CENC or IFFS must provide the donor a written statement describing the donation and agreeing that the food will be used as it is intended.
6. The donor must donate the food in good faith, without gross negligence or intentional misconduct, and must donate the property within 180 days or if not, after discussing the conditions of the food with Food Bank CENC or IFFS

**To donate or learn more about what you can donate, please contact:
Please visit Food Bank CENC or Inter-Faith Food Shuttle (foodshuttle.org).**