

Review Article

Tax Treatment Methods of Corporate Monetary and in-Kind Donations and the Extent of their Compatibility with the Content of the Idea of Corporate Social Responsibility: A Justified View

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Abstract

This study discussed the tax treatment methods of corporate monetary and in-kind donations, which were classified in this study into two main methods: "The Method of Society's Rights and Then Government's Rights and the Method of Government's Rights and Then Society's Rights," with a statement of the disadvantages and advantages of each method. This study also defined the meaning of tax exemption and classified it into two types are: (1) Tax exemption in the sense of deduction; (2) Tax exemption in the sense of restoration\ return. By studying and evaluating the advantages and disadvantages of tax treatment methods of monetary and in kind donations, it would be better to use the method of government's rights and then society's rights, because it reflects the true meaning of the content of the CSR idea and its lofty goals. As well as, the continuation of corporation's to make these contributions with the adoption of the income tax law in the state this method will reflect the degree of perfection and idealism\optimality of the CSR in the community.

Keywords: Corporate philanthropy; "Corporate social responsibility"; Taxation; JEL Classification: M14 ; H71

Abbreviations

N-MSEs: Non- Mandatory Social Expenditures; CSR: Corporate Social Responsibility

Introduction

At the end of every financial period, as usual, the corporation's provide their financial statements to the IRS" Internal Revenue Service", whose role is to study, inspect and evaluate these statements to determine the financial amounts that must be paid to the IRS or the public treasury as income taxes imposed on incomes achieved by corporation's for the financial period ended according to the laws and regulations of the country. The value of income taxes is often determined without any problems, disputations nor injustice because all matters are clear to all parties, but the process of determining income taxes- which must be paid to the IRS - may become more complicated in the event that income statements of some corporation's contain values of non- mandatory social expenditures (N-MSEs/ monetary and in-kind donations) in the area of interaction with the community or what is known as corporate philanthropy or corporate giving. In this case, it is expected that, the IRS will determine income taxes which must be paid by the corporation's in different ways, sometimes they are unfair to achieve the tax equity among corporation's or among all stakeholders who are affected by such donations, which may also carry with them much controversy. N-MSEs in the area of interaction with the community, as it's known, are just financial amounts incurred by corporation's for the purpose of contributing to achieving the social benefits to other parties in the society. Thus,

these expenditures will not contribute in producing the income or operating the business and activities of these corporation's such as the contribution of the other expenditures (operating expenditures), except for some tax incentives that may be authorized by the IRS, which often do not achieve tax justice, whether among stakeholders such as "society and government, investors in corporation's" or among corporations.

In spite of that N-MSEs in the area of interaction with the community (corporate philanthropy or corporate giving) are different from the other rest expenditures (operating expenditures) incurred by corporation's in terms of the goal of the spending process - N-MSEs do not contribute to achieving the revenues, but the usual accounting treatment of these expenditures in the income statement is not different from the treatment of the other expenditures - where they are shown in the income statement to be subtracted from the value of revenues in order to determine the value of the net accounting income which will be adjustable by the tax authority to determine the value taxable income. The difference between N-MSEs in the area of interaction with the community (Corporate Philanthropy or Corporate Giving) and operating expenditures in terms of the goal of expending process is a main plea to pressure legislative bodies and tax authorities all over the world in order to amend the laws to be more fair, and to prevent tax evasion (adjusting laws and finding suitable methods for achieving tax justice in the field of the income tax for the corporation's which incur N-MSEs, which at the same time prevent tax evasion and double taxation). Also, there is another argument may be used to defend the idea of achieving tax

justice in the field of the income tax for the corporation's that incur N-MSEs and combating double taxation which can be caused by this type of expenditures. This argument is based on the belief that the N-MSEs are indirect income taxes or unforced taxes directly paid by corporation's in the framework of interaction with the community for the purpose of achieving social benefits to other parties in the society without the mediation of the fiscal administration or IRS and government in the processes of receiving and repaying these funds in the field of public services. It's known that in most countries a part of the funds collected from corporation's by the tax authority as income taxes expends in the social fields (education, health, infrastructure, poor families help). Thus, it can be considered that, the N-MSEs incurred by corporations in the field of interaction with the community as indirect income taxes resulting from the nature of the social contract. If it is admitted that, the N-MSEs are indirect taxes or unforced taxes resulting from the nature of the modern concept of CSR. The nature of those expenditures will create a lot of controversy about the achievement of tax justice among corporation's, and among stakeholders, the prevention of double taxation and the fight against tax evasion by using those expenditures. For these reasons, there is more than one method for tax treatment for this type of expenditures in the income statement.

Tax treatment most commonly used in most countries of the world is to allow deduction of monetary and in-kind donations from the value of revenues according to certain controls and conditions in varying proportions. According to the tax authorities' view, this treatment is considered as tax incentives "or what is known as tax savings."

Literature Review

The Corporate Social Responsibility (CSR)

The idea of CSR is nothing new. The new is the evolution that has occurred in the content of its thought over time. Social Responsibility of corporation's - which means the need to conduct business in a socially responsible manner, evolved from an era of philanthropic initiatives to an era of strategies and policies that meet the needs and ambitions of the communities in which they operate. CSR was no more than philanthropic initiatives by employers to help workers and the poor. And with the emergence of trade unions and social pressures, corporation's began to pay attention to improving working conditions. With the emergence of competition among corporation's and consumer protection organizations, corporation's have been and continue to pay great attention to the consumer protection. And with the growing phenomenon of environmental pollution which is caused by industrial processes, and the emergence of environmental protection organizations, As well, political and social pressures, corporation's have begun to contribute seriously to environmental protection. Last but not least, and with the emergence of sustainable development ideas, corporation's have become aware of the importance of achieving their objectives in accordance with the requirements of sustainable development, which takes into account the rights of living of present and future generations on Planet Earth.

The charity provided by the employers to the poor and their employees in the past centuries has had a great impact on the emergence of CSR thought. Among the general public, there is still confusion between the concept of Philanthropic responsibility and

CSR; the first is considered one of the components of the second, it contributed to its development. Development does not only include the concept of CSR, but also encompassed the concept of philanthropy - as one of its components, to transform from a mere practice into an effective strategy.

From philanthropy to strategic philanthropy

This notion contends that organizations should find social needs that align with their particular expertise (or core competencies). For example, it would seem to make little sense for a computer manufacturer to spend funds on building homeless shelters. This is not to suggest that the computer manufacturer should not engage in philanthropy, but rather that when it does so, it should engage in an activity or issue closer to its area of expertise. Companies that focus on the causes in their area of expertise will almost certainly be more efficient at addressing social needs [1].

There are many definitions of CSR with similar meanings. In this study, the researcher has developed a definition that includes almost all those meanings. The researcher defines CSR in its general sense as follows: Corporate Social Responsibility (CSR) means exercising economic activities (by corporation's) with legal guidance and ethical behavior, when achieving their desired goals that ensure the growth and continuity for them. Taking into account compliance with the following requirements: Contributing to the continuation of life and improving its quality, and achieving prosperity on the planet Earth for present and future generations; not to inflict material and moral damage on others, and serious interaction with them to achieve common interests, and belief that they are a important and irreplaceable part to ensure the process of their continuation and achievement of their objectives; Commitment to everything that makes life organized in the environment in which they work.

Corporate philanthropic responsibilities

If a company is able to meet all of its other responsibilities (Economic, Legal and Ethical), it can begin meeting philanthropic responsibilities. Philanthropic responsibilities are responsibilities that go above and beyond what is simply required or what the company believes is right. They involve making an effort to benefit society - for example, by donating services to community organizations, engaging in projects to aid the environment or donating money to charitable causes [2].

The philanthropic responsibilities are the voluntary responsibilities of the enterprise. They reflect the current expectations of the public towards the enterprise. These volunteering activities are animated only by the desire of the enterprise to involve itself in community activities which are not imposed or requested by law and which generally are not to be expected from an enterprise, in an ethical way. The public expects that an enterprise should involve in philanthropic actions and thus this category becomes a part of the social agreement between the enterprise and the society. Such activities can include donations of goods and services, volunteering activity, the involvement of the enterprise or of its employees in the community or of the stakeholders. Philanthropy includes those corporate actions which answer to the society's expectations, according to which the enterprises are good corporate citizens. This includes the efficient commitment in actions or programmes of promoting the welfare or the human good will [3,4].

The researcher defines Philanthropic responsibility as a component of CSR as follows: it is a set of the initiatives that includes philanthropic “material and non-material donations” that contribute to improving the quality of life within the communities in which they operate, which is voluntarily provided by corporation’s without any legal coercion. This result in response to the aspirations of contemporary societies and their urgent desires to develop the role of corporation’s to be the ideal partner who will bear part of their worries and problems due to the inability of governments - in most countries of the world, to meet all the needs of their contemporary societies and achieve all their aspirations.

Population explosion and increasing government burdens

In modern times, and in light of the population explosion in most countries of the world, and the scarcity of economic resources and the growing burden of the government in the face of contemporary challenges, foremost of which are to achieve the economic well-being of their communities and improve the standard of living of their citizens, and enhance the security and integrity of their lands. Governments are no longer able to finance all development projects, strengthen infrastructure, meet contemporary challenges, meet the aspirations of their people at the same time, and with the same economic resources available. It was necessary to have a reliable partner, which could contribute to shoulder part of the burden of those governments, that partner is the private sector “corporation’s”, by adhering to its social responsibility towards the community in which it operates, as a result of the depletion of its economic resources and the damage to its material and moral components in order to achieve its economic gains. Therefore, both corporation’s and governments should contribute to the achieving well-being and improving the quality of life of their communities. No one can achieve this alone.

Classification of the corporate social expenditures

The researcher used a legal compulsion and accountability criterion in the classification process (Is there a legal accountability about them in the event of spending stopping? Or no). Therefore, for the purposes of this study, the researcher classified the social expenditures into two types are: [5].

Mandatory Social Expenditures (MSEs)

There is a legal accountability about them in the event of spending stopping. There are some social expenditures incurred by corporation’s - in some areas of social activities, as a result of legal commitment to a prevailing law and regulations in the state. Therefore, all corporation’s will incur those expenditures, no option for rejecting. These expenditures cannot be avoided as a result of accountability and legal compulsion. Also, stopping of spending will expose the corporation to penalties and fines and in many cases to stop the activity, such as the contribution of Libyan corporation’s in the payment of subscriptions of the social security for employees (In Libya, corporation’s and staff contribute to the payment of those subscriptions, for the benefit of staff, according to the Libyan social Security Act.), salaries for families of the missing people and dead in the wars, expenditures to treat work-related injuries and medical insurance, and protection expenditures of the environment and consumer, security and safety of employees expenditures, etc. Therefore, the researcher defines the MSEs as follows: MSEs are mandatory, cannot be avoided, there is a legal accountability

about them in the event of stopping of spending, can directly affect corporation economic performance through the penalties and fines or stop the activity.

Non - Mandatory Social Expenditures (N-MSEs)

This type can be classified into two types: (A) N-MSEs in areas unrelated to interact with the community: This type may affect the loyalty of consumers and workers and then on the economic performance of the corporation. There are some social expenditures incurred by the corporation’s - in areas of CSR (workers, environment, consumer), without any legal compulsion and accountability (this depends on the nature of the industry, the environment in which the corporation operates and the prevailing laws). Those expenditures can be avoided. Also, stopping of spending will not expose the corporation to penalties and fines or stopping of the activity, but they may affect the corporate economic performance, through the change in the level of consumer loyalty to the corporation’s product - where consumer is one of important stakeholders of the corporation, and a loyalty of the employees to the corporation, especially in developed countries and in the presence of competition in our modern age, such as expenditures of the improvement of the working environment, product development, transport means, training of workers and staff, child custody, and free food and drinks for workers, etc. Therefore, the researcher defines the N-MSEs in areas unrelated to interact with the community as follows: N-MSEs are necessary, not voluntary and not mandatory, can be avoided, there is no legal accountability about them in the event of spending stopping, may indirectly and directly affect the economic performance of the corporation in the presence of market competition (in the market of labor, goods and services) through the change in the level of consumers and employees loyalty - at present, the consumer becomes more aware of issues of CSR, and consumers’ decisions are becoming increasingly influenced by the extent of corporation’s commitment to its social responsibility. Also, a loyalty of the employees to the corporation has a direct impact on its economic performance. According to Keeler, competition is the primary driver for corporation’s to be more socially responsible [6,7]. This is as a result of the competition in the market of labor, goods and services. In the modern era - especially in developed countries - consumer loyalty depends largely on the extent of the corporation’s commitment to its social responsibility. Where the consumer has become more aware of the issues of social responsibility, such as boycotting the products that are not environmentally friendly. As well as, the completion of the business has become dependent on the skill and knowledge of the workers, in order to earn their loyalty and maintain them as part of a working system, corporation’s incur social expenditures such as free food and drinks for the workers, etc. (B) N-MSEs in the areas of interaction with the community (Corporate Philanthropy): This type is voluntary and similar to government spending in the field of public services. corporation’s incur this kind of expenditures in order to contribute to the improvement of the quality of life in the community and to assume the role of government in this area. This type is intended in this study. There are some social expenditures incurred by the corporation’s - in the area of interaction with the community, without any legal compulsion. These expenditures can be avoided. Also, spending stopping will not expose the corporation to penalties and fines or stopping of the activity, such as the expenditures of contribution in educating people

Table 1: How to calculate the tax exemption in the sense of deduction and determine the value of tax savings and real sacrifice.

The tax exemption in the sense of deduction, under the assumption that the corporation incurred donations during the past year	Assuming that the corporation did not incur any donations during the past year	A statement
100000\$	100000\$	Revenues
20000\$	20000\$	Expenditures
10000\$		Donations
70000\$	80000\$	Taxable income
14000\$	16000\$	Income Tax "Tax invoice value"
2000\$		Tax savings(\$16000-\$14000)
8000\$		A real sacrifice(\$10000-\$2000)

in the area, contribution in cleaning public gardens and helping of poor families, etc. Therefore, the researcher defines the N-MSEs in This Area as follows: N-MSEs are non-mandatory, can be avoided, there is no a legal accountability about them in the event of spending stopping. Mostly, they affect the corporate economic performance through the acquisition of some incentives and tax benefits or other economic benefits- especially in the developed countries, through the satisfaction of society and government, and loyalty of consumers there. Where consumers and communities who are aware of the importance of the social role of corporation’s. In developing and poor countries where there is the high level of ignorance among people, the spread of poverty and the deterioration of living conditions, the researcher believes that the consumer will be interested in the quality and price of the goods without regard to the extent of the corporation’s commitment to its social responsibility. While in developed countries, there may be interest by consumers in such matters. Where consumer loyalty may affect the corporation’s economic performance. The impact of social responsibility on profitability remains the subject of debate among scientists until this moment. Absolutely, this depends on the environment in which the corporation operates and the extent of consumer understanding and awareness. Regardless of any other benefits (competitive advantage, tax incentives, etc.) which can be achieved and are difficult to measure and trace, the users of the financial statements and reports will care about the actual figures paid and not the positive effects that are difficult to track them. Therefore, classification into two types - mandatory and non-mandatory, is a logical proposition for the purposes of this study. Tax savings are related to expenditures that do not result in legal sanctions against the corporation in the event of spending stopping, regardless of their impact on economic performance. For example, the tax authority does not pay special attention to the free meals expenditures of the corporation’s employees, despite its importance to the employees and the positive effects of the corporation, although they are not mandatory, but they are not related to interaction with society issues, they may be more related to the economic performance of the corporation. While the tax authority is interested in charity (corporate philanthropy), because it embodies the real interaction between corporation and society, when determining the tax incentives.

Corporate philanthropy/Corporate giving/Corporate donation

Philanthropy is a term connected with the American tradition of charitable giving. At first it was associated with a person- philanthropist, but today the term corporate philanthropy is more developed, meaning business sector’s voluntary giving [8]. Philanthropy stems

from the Greek word which means love of humanity. Popular interpretations today refer to private initiatives for public good (J. W. Gardner) or initiatives directed at the improvement in the quality of human life [9]. Colloquially, philanthropy is most commonly used interchangeably with charitable giving. - WINGS (John et al. 2017: 136). Corporate philanthropy is the act of corporation’s donating a portion of their profits or resources to various non-profit organizations [10]. This definition may be consistent with the laws in some countries that require the payment of donations to non-profit organizations to prevent fraud and deception. This definition is limited, it excludes direct donations to poor people, completion of some public projects such as building schools and hospitals, etc. as well as non-material help for the public good “volunteer work”, unless the laws of the State so require, where the public interest so requires. Here, nonprofits will play the role of mediator. Another definition is: The use of discretionary financial and human resources for primarily public benefit, while recognising that impact might also accrue for the company’s shareholders and employees. The researcher defines corporate philanthropy\ iving\ donation as follows: It is all material donations “money, assets and goods” and non-material “services”, which are provided to non-profit organizations or the poor and the needy or for the public good to improve quality of life in the community. This may result in the achievement benefits for corporation’s such as exemptions and tax incentives, in addition to enhancing the competitive advantage. There is increasing interest by corporation’s in their philanthropic responsibility, especially in developed countries, where many studies have shown that corporate giving has been on the rise in recent years. For example, a study on corporate donations in the United States in 2005 has shown that 62 biggest companies in the U.S. gave \$8.4 billion last year, an increase of 14% from 2004. Also, 87% of the companies surveyed indicated that they have an employee volunteer program, with 44% of them offering paid time off to employees who volunteer [11]. The global survey of CSR spending over the period 2011-2013 by Dattani et al. [12]. Revealed that the top 10 most generous companies worldwide gave US\$ 17.7 trillion towards CSR spending annually. An estimated 28 percent of this sum (nearly US\$5 trillion) was in the form of grants rather than in-kind donations or volunteering [13].

What Might Be Hidden Behind the Corporate Monetary and In-Kind Donations?

Donations may be a stone for more than a bird “more than a purpose”. They may hide behind them many unwanted behaviors, in addition to legitimate purposes. The purpose of the donation depends on the intentions of the donor. In general, donations can be a tool to

Table 2: How to calculate the value of the tax exemption in the sense of restoration\return.

The tax exemption in the sense of restoration\ return	
Value	A statement
100000\$	Revenues
20000\$	Expenditures
80000\$	Taxable income
16000\$	Income tax before deducting the donations
10000\$	Donations
6000\$	The value of the tax invoice

achieve the following purposes:

Embezzlement “Collusive Embezzlement”

Donations may be used as a means of embezzlement through the collusion of both the management of the corporation and the recipient of the donations “a charity\charitable organization”. This immoral behavior occurs as a result of the following factors: (1) Separation of ownership from management; (2) A malicious administration manages the affairs of the corporation; (3) Weak internal and external control systems ; (4) Excessive trust given to management.

Tax Evasion

Through subsidies received for false declarations of charitable donations. Taxpayers in many developed countries can deduct donations to charities from their income tax and reduce their tax liabilities by reporting higher cash or gift donations (e.g. clothes, cars) to charities than they have actually made, and thus evade income tax [14]. Donations of the corporation’s may be one of the tools of economic crimes such as tax evasion and smuggling of money, etc. In Russia, the law was far imperfect, as stated by many educated people in the issues of taxation. In the early 2000s, the government began to deal with this state of affairs as a result of the abolition of many benefits for donors. Before a period of directing up to 5% of their income to charity, this legislation establishes that donation by firms and organizations can only occur at the expense of net profit. The Ministry of Finance has decided that companies providing charitable activities through the provision of free services or delivery of goods are exempted from VAT, but payments to the state treasury is not reduced. In order to avoid the transfer of funds through bogus charities against government charity, double taxation was introduced. According to the Tax Code of the Russian Federation, donation recipients have to pay income tax, but people can avoid it if they obtain grant in the field of education, science, culture and art [15]. On 5 December 2015, Al-Sharq Al-Awsat published an article entitled” Donations by America’s billionaires: Are they donations or tax avoidance?”. This article discussed the suspicions surrounding the America’s billionaires, the policy of “giving by the right hand and taking by the left hand” and the economic benefits that will be gained by those billionaires [16].

Political Gains

Acquisition of the influence of the government and its administrative agencies and use that influence in order to pressure the government to make decisions in favor of the donor corporation’s. Philanthropy may be a way for political businessmen to gain power, where their charitable work will help to show them as good men who

are good at managing their country’s affairs. Bertrand et al in their study in 2018 in the USA, their empirical results implied that 8.8 percent of corporate charitable giving is politically motivated.

Tax Incentives

In many countries, charitable contributions benefit from a favorable tax treatment that may take the form of a deduction from taxable income or of a tax credit. Recently, these tax incentives have been further promoted by the governments of several European countries, as a way to increase private funding for fields like education, research and culture [17]. “Charitable giving by individuals and businesses is an important source of funding for nonprofit organizations. These charitable donations are influenced by various factors. For donors in the state of Michigan”. Some of the more common reasons to give to nonprofits are to help others, to support an organization or cause they believe in, and felt it is morally obligatory to contribute. “While these factors vary for each individual or business, research indicates that tax implications influence the size of the donation. Donors receive economic benefit from a reduction in the amount of paid taxes. The motivation to reduce taxes by contributing to a nonprofit is known in economic terms as a tax incentive. The most common tax incentives are either tax deductions or tax credits, as in USA “ [18]. In developed countries, governments have recognized the importance of donations to charities or nonprofit organizations in solving many social problems and also to encourage corporation’s to continue their noble activities. Many tax-related laws have been reformed and improved in those countries, while in other countries - especially in developing countries - claims are still increasing the need to amend the tax laws to be consistent with charity. The United Kingdom, the United States, Canada and Australia, since the beginning of their income tax regimes, have all permitted a deduction or tax credit for gifts to certain public purpose organizations. In the last decade all these countries have used policy measures such as nonprofit fundraising capacity building, publicity campaigns and tax incentives to encourage philanthropy [19,20].

Competitive Advantage

Increasingly, philanthropy is used as a form of public relations or advertisement to promote a company’s image or brand through cause related marketing or other high-profile sponsorships- arguing that “social and economic goals are not inherently conflicting, but integrally connected [21]. Whereas, philanthropy can be a source of competitive advantage [21,22].

Improving The Quality of Life

Corporate philanthropy is a key component of a corporation’s broader social responsibility, and includes cash gifts, product donations, and employee volunteerism. It serves as a major link between the corporation and its communities. corporation’s support their communities in numerous ways-foundation giving, providing local volunteers, donating goods and services, and even pro bono assistance (without charge). corporation’s work hard to help improve the quality of life in their communities and have a strong sense of responsibility to the people in their communities [23]. Donations provided by corporation’s to non-profit organizations are often used to achieve the following goals: (1) Contributing to solving the social problems of certain categories of people within communities such as orphans, elders, alcoholics and drug abusers, etc. (2) Economic

Table 3: Methods of tax treatment of monetary and in-kind donations.

Method Of Society's Rights And Then Government's Rights (Tax Exemption In The Sense Of Deduction)		
Corporation B	Corporation A	A Statement
100000\$	100000\$	Revenue
20000\$	30000\$	Total Expenses
80000\$	70000\$	Net Accounting Income
80000\$	70000\$	Net Tax Income "Taxable Income "
16000\$	14000\$	Value Of Tax Invoice
64000\$	56000\$	Distributable Income " Profit "
32 \$	28 \$	Distributed Earnings Per Share
	2000 \$	Tax Savings Resulting From Donations
	8000 \$	The Real Sacrifice" The Real Value Of Donations "
Method Of Society's Rights And Then Government's Rights (Tax Exemption In The Sense Of Restoration\ Return)		
100000\$	100000\$	Revenue
20000\$	20000\$	Expenses Without Donations
80000\$	80000\$	Net Accounting Income
80000\$	80000\$	Net Tax Income "Taxable Income "
16000\$	16000\$	Value Of Tax Invoice\ Incom Tax
	10000 \$	Tax Exemption" Donations "\$10000
16000\$	6000\$	The Value Of The Final Tax Invoice
64000\$	74000\$	Distributable Income= Revenue- (Expenses Without Donations+ The Final Value Of The Tax Invoice)
32\$	37\$	Distributed Earnings Per Share
	Zero	The Real Sacrifice" The Real Value Of Donations= " Donations- Recovered" Restored \Returned" Donations "
Method Of Government's Rights And Then Society's Rights		
100000\$	100000\$	Revenue
20000\$	20000\$	Expenses Without Donations
80000\$	80000\$	Net Tax Income "Taxable Income "
16000\$	16000\$	Value Of Tax Invoice
	10000\$	Donations
64000\$	54000\$	Distributable Income " Profit "
32\$	27\$	Distributed Earnings Per Share
	10000\$	The Real Sacrifice" The Real Value Of Donations ".Without Any Tax Saving.

assistance to the poor and needy within communities. (3) Combating some negative phenomena within societies and correction of deviant behaviors. (4) Supporting public attitudes that are in the interest of society. (5) Supporting public awareness and educational programs on some issues within societies. (6) Combating all types of pollution “environmental/moral/noise, etc.” resulting from economic and technical developments. (7) Completing some other projects such as construction, maintenance and development which are in the interest of society. Certainly, these achievements will contribute to improving the quality of life within these communities.

Distracting the Attention of the Public Opinion on a Particular Issue

Through charitable donations and using excessive media propaganda, some corporation’s try to distract the public opinion about some of the scandals and immoral practices they have committed, or due to the nature of harmful products produced by those corporation’s “such as the tobacco and alcohol industry”, or as a result of environmental damage caused by those corporation’s, in order to alleviate the anger of the public towards those corporation’s in an attempt to convince the public that they are good citizens, their

benefits for the society “financial support provided by them” are more than their harms.

To Reduce or Avoid Losses Resulting from Obsolescence or Expiration of Inventory

When the inventory (products/machines/materials, etc.) expiration date is close to completion, or when the inventory is outdated due to the emergence of new models “as in clothes”, corporation’s will try to get rid of it with the least economic losses, by donating the stock and achieving tax savings.

Income Tax and CSR

Income tax is a key source of funds that the government uses to fund its activities and serve the public. That funds of the taxes are part of the revenues of the state government, without that funds the government cannot manage the state affairs. As is well known, the government uses that funds to pay staff salaries in the public sector, constructing of the schools, hospitals, roads and bridges, parks, etc. therefore, corporation’s must be committed to supply “pay” the values of taxes to the tax administration\IRS. That commitment comes from the reality of the legal responsibility of corporation’s to the community and its institutions. Also, non-compliance with tax laws and tax evasion by corporation’s means facing sanctions in accordance with the law of the State’s economic crimes. “Academics have advocated including the paying of taxes in CSR. For example, the American professor Avi-Yonah adamantly maintains that companies bear a social responsibility that includes loyally paying taxes. He also argues in favor of companies refraining from business transactions whose sole objective is to minimize taxes” [24,25]. On the contrary, in previous years, calls for the development of tax laws in many countries of the world have emerged. This calls for the need to change the Laws to conform to the strengthening requirements the idea of practice of CSR by corporation’s through the creation of a system of incentives to achieve tax justice among the corporation’s and contributes to encouraging corporation’s to adopt the idea of social responsibility. For example, Jordanian Al Rai newspaper published an article on 18 - 11 - 2014 under the title “The private sector calls for legislation to stimulate the adoption of the idea of CSR”. Also, there were some actual initiatives in many countries aimed at reforming tax systems, for example, tax reform in France in 2003 about incentives for corporate giving\corporate philanthropy [26]. The Sudaress website published an article in 2013 under the title “Donations for Taxes”. This article was an invitation to the Sudanese government to develop the tax code to encourage taxpayers to donate as is the case in the United States. This article stressed the need to find a law that allows deducting the contributions of corporation’s and businessmen from the taxes imposed on them [27]. In order to encourage taxpayers to contribute to charity and community service. In 2017, the Sultanate of Oman carried out tax reforms “Amendment to the Tax Code” under Royal Decree No. 9/2017. Those reforms included tax treatment of donations. In kind donations are as costs, that must be deducted when determining taxable income. Those amendments were as incentives for donors [28].

Content of the Idea of CSR

The idea of CSR includes many lofty principles, including but not limited to: Anti-immoral behaviors such as tax evasion, deception and fraudulence “Pay with your right hand and take with your left

hand”. Achieving justice in rights among all stakeholders. CSR means promoting freedoms and rights, supporting human and economic development, and contributing to improving the standard of living, economic well-being and infrastructure development in societies. The corporation’s purpose of the commitment to social responsibility should be to enhance their competitive advantage by gaining the satisfaction and loyalty of society and government, consumers, investors, etc. corporation’s take their resources from the communities in which they operate, and often those communities are affected by the damage produced by those corporation’s. corporation’s will be obliged to compensate those communities. Donations are part of that compensation. It is not within the content of the idea of CSR to gain economic benefits out of the scope of the competitive advantage. If this problem “defect” occurs, the CSR will lose its meaning and lofty principles.

Highlight the Problem

Corporate N-MSE “Corporate Monetary and in-kind Donation” is currently one of the most controversial issues in the area of tax legislation. It is always the subject of a dispute between taxpayers and the tax authority\IRS. These expenditures are often accompanied by a state of uncertainty about their integrity and authenticity. These expenditures are seen by some as a means of tax evasion, and others see them as indirect taxes. Some see the need to neglect them when determining the value of the tax invoice, and others see the need to deduct them from taxable income. As a result of this controversy, tax laws in all countries of the world differ in their vision and treatment of those expenditures. They are not identical. In fact, there are two methods, one of which pays no attention to donations when determining the value of tax payable, and the other allows the deduction of donations from revenues or the value of the tax invoice payable to the tax authority “according to the intended meaning of the tax exemption”, and this leads to a reduction in the value of the final tax invoice, and thus the decline in the value of government revenues from taxes, unlike the first method. Each method has advantages and disadvantages. The problem raised by this theoretical study lies in the following question: Do specialized legislative bodies in the field of issuing corporate income tax laws take into account the impact of tax treatment of corporate monetary and in-kind donations on the real content of the idea of CSR when making laws?... or not?... In other words, Are the laws issued by legislative bodies\enacted legislation “in the area of tax treatment for donations” in line with the content of the CSR idea? How can this be explained “compatibility between tax treatment methods and the content of the idea of CSR? Do the laws aim to encourage corporation’s to incur such expenditures without taking into account the content of the CSR idea? Or are they to consolidate the CSR’s high principles such as achieving justice in rights, combating of immoral behaviors and the rejection of opportunism. etc.? Where all tax treatment methods have an impact on the core of CSR idea, but with an interpretation and philosophy differ from one method to another. The specialized legislative bodies in the field of issuing corporate income tax laws in all countries of the world must be aware of the impact of laws\enacted legislation in the field of tax treatment of corporate monetary and in-kind donations on the content of the CSR idea. To achieve this, these bodies may be able to know the impact of their laws\enacted legislation on the content of the CSR idea through the controversy that will be raised by

the researcher in this study.

The Objectives of the Study

In recent years and in many countries of the world, governments have become aware of the importance of corporate donations and their role in economic and social development within societies. As a result of this importance, legislative bodies in the field of taxation in those countries, have embarked on reforms in tax laws relating to the tax treatment of donations by providing the tax incentives to encourage corporation's to continue in philanthropy.

The researcher believes that. The tax incentives embodied in those reforms will negatively affect the content of CSR idea and its noble principles. Those incentives could attract more donations, but they are considered an ax that will destroy the content and entity of the CSR idea and its noble principles. To prove or disprove this belief, the researcher will study the Advantages and disadvantages of tax treatment methods of donations in the language of hypothetical numbers.

Based on the above questions "in highlight the problem", this theoretical study aims to find an answer to the following main question: In theory, in the language of hypothetical numbers, Is The Meaning And Content Of The Idea Of CSR Affected By The Tax Treatment Methods Of Monetary And In Kind Donations? If the answer is yes, which method is most consistent with the content of the idea of CSR and its lofty principles?

The Importance of Study

The importance of this study lies in its being a controversial debate in order to draw the attention of the legislative bodies in the field of taxation and organizations interested in instilling "establishing" the thought of CSR in contemporary societies to the effect of tax treatment methods and tax incentives provided to donors in exchange for their monetary and in kind donations on the noble principles and values of the concept of CSR.

It will be very important to know the effect of tax treatment methods of monetary and in kind donations on the content of the idea of CSR by the legislative bodies in the area of corporate income tax. For legislative bodies, this study may create a kind "state" of deep thinking about corporate income tax laws in the area of "tax treatment of monetary and in kind donations" if those laws are interpreted within the content of the idea of CSR. The debate - which will be raised by this study, may contribute to finding logical justifications for adopting a particular approach regarding the tax treatment of donations by the legislative bodies of any country. This study is an invitation to re-evaluate the tax treatment methods within the content of the CSR idea. For organizations interested in establishing the idea of CSR and its noble principles and values in contemporary societies its expected role will be to combat all legislation that violates these principles and values. This study may contribute to enhancing that role.

Methodology of the study

This study focuses on identifying the advantages and disadvantages that can be inferred from the tax treatment methods of monetary and in kind donations, which can be relied upon in stir up controversy, and that can contribute to supporting the justifications of support or

rejection of any of these methods. To achieve that, the method used in the analysis and dialectical dialogue will be relying on hypothetical numbers of an income statement that can simulate reality, which can be treated according to the methods used in the process of calculating corporate income tax in the case of monetary and in kind donations, and comparing the results to identify and deduce the advantages and disadvantages of these methods and show their impact on the content of the idea of CSR.

Tax Treatment Methods of Corporate Monetary and In-Kind Donations

Corporate income tax laws differ from country to country, especially with regard to how the tax treatment of monetary and in-kind donations incurred by corporation's. In fact, all tax laws in this area cannot be studied for all countries of the world. All laws could not go beyond one of the following three scenarios: (1) Deducting the value of monetary and in-kind donations from the value of revenues "in varying percentages according to the tax law of the State; where the rate of deduction varies from state to state" to determine the taxable income. Tax exemption according to this method is in the sense of deduction\reduction, and not in the sense of restoration\return. The value of such donations shall not be excluded from the total expenditures value "in accordance with the granted tax exemption rate", with no any tax exemptions in the sense of restoration\return. This method can be called the Method of Society's Rights and Then Government's Rights (Tax Exemption In The Sense Of Deduction) ; (2) This method is similar to the previous method, but the exemption is in the sense of restoration\return and not the in the sense of deduction\reduction. According to this method, the tax treatment is by deducting the value of monetary and in-kind donations from the value of the income tax (from the value of the tax invoice). This method can be called the Method of Society's Rights And Then Government's Rights (The Tax Exemptions In The Sense Of Restoration\Return). This method may be rarely used in the countries of the world. This method means the restoration\return of the values of donations to corporation's before fulfilling the rights of the government, "Before paying the value of the tax invoice, which is calculated without taking into account the value of donations when determining the taxable income, and reduced by the value of those donations". (3) Deduction of monetary and in-kind donations from distributable income after deduction of income tax. This method pays no attention to monetary and in-kind donations when determining the value of the tax invoice. This method can be called the Method of Government's Rights and Then Society's Rights.

All previous methods have advantages and disadvantages. To adopt one of these methods to be used in the treatment of monetary and in-kind donations in any country depends on the point of view of the legislative body and its philosophy about donations and the extent of its understanding of the idea of CSR and economic conditions prevailing in the state.

Conditions for recognition of Corporate Monetary and In-Kind Donations and granting tax exemption

Most tax systems in almost all countries around the world try to develop their texts and articles on corporate donations, to limit the use of those donations as a means of tax evasion or other illegal purposes and to achieve a kind of tax justice among taxpayers. As a

result, most legislative bodies in the field of taxation have designed a package of procedures and conditions under which the donation process is recognized, as well as to grant tax exemption for such contributions. What distinguishes these conditions is that they are almost identical in the tax systems in most countries of the world. To obtain the recognition of donations and the granting of tax exemption in exchange for those contributions, tax systems in many countries of the world require certain conditions, for example: In accordance with the tax law of the Arab Republic of Egypt (Income Tax Law No. 91 of 2005 and its amendments); (1) Contributions paid to the Government, local government units and other public legal persons are recognized regardless of their amounts as the deductible cost (of taxable income); (2) Donations and subsidies paid to accredited Egyptian NGOs, "scientific institutions, scientific research institutions and hospitals" subject to government supervision, must be deducted (of taxable income) according to the following conditions; (3) That such contributions and subsidies have already been paid; (4) These donations and subsidies shall be paid to Egyptian charitable societies, which shall be recognized in accordance with the provisions of the laws governing them; (5) The value of these contributions shall not exceed 10/110 of the net adjusted tax profit of the Company (the amount of contributions paid or 10/110 of the net adjusted tax profit, whichever is less). Any donations or other subsidies than the foregoing are not recognized as deductible costs such as donations to the poor of the neighborhood or to an unrecognized charity or victims of Afghanistan or to the Mujahideen/fighters of Palestin, etc. [29]. According to the tax law of the Syrian Republic (Law No. 24 of 2003 on Income Tax), Article 7 provides that: Expenditures/donations that can be deducted from non-net profits are voluntary contributions paid by taxpayers to officially recognized public or private entities "according to official receipts" to achieve public benefits, Provided that both donors and the recipient have an accounting system and regular books accepted by the income tax departments, not exceeding 3% of net profits [30]. The Irish tax system contains a range of incentives aimed at facilitating and encouraging charitable giving by individuals and companies, which help to ensure that charities receive the maximum benefit from public and private donations. Tax relief is available for donations by both individuals and companies provided: there is a donation of money or of shares, stock or debentures of a class quoted on a recognized stock exchange, the recipient is either an "eligible charity" or another approved body, there is no arrangement that the donation can be repaid, neither the donor nor anyone connected with the donor benefits from the donation, the donation does not depend on and is not conditional upon the acquisition of property by the charity otherwise than by way of a gift from the donor, an individual donor is resident in Ireland (corporate donations may be made by branches of foreign companies in Ireland), and the minimum donation in any year to any one eligible charity or approved body is €250 [31]. In accordance with the Canada Revenue Agency, A gift is a voluntary transfer of property for which the donor receives no benefit in return. For there to be a gift, the following conditions must be met: the donor transfers ownership of property (cash, or gifts in kind such as goods or land) to a registered charity; the transfer is voluntary; and no benefit is provided to the donor, or a person selected by the donor, unless the benefit is of nominal value [32].

Here it should be noted that, there is a difference between tax exemption in the sense of reduction and tax exemption in the sense of

restoration\return. In the first status: Exemption means the inclusion of the value of donations in the list of expenditures to be deducted from the value of revenues to determine the taxable income from the point of view of the tax authority. In the second status: Exemption means the reduction of the value of the tax invoice at the value of such donations or part thereof, "the exemption is in the sense of restoration\return, not a reduction, it means calculating taxable income and determining the value of the tax invoice while ignoring donations at this stage, and then reducing the value of the invoice by the amount of that donations or part of them". It is a very rare condition, or it does not exist\use in fact, but will remain one of the proposed treatment methods, which may serve as an incentive for taxpayers to continue to incur such expenditures. In fact, most countries in the world have designed a package of conditions that must be met in order to recognize the validity and integrity of the donation activities, as a precautionary measure against corruption. They also design set of the conditions for the granting of tax exemptions for such contributions, which are often different from one country to another in accordance with the tax laws of each country.

The Difference Between Net Accounting Income and Net Tax Income "Taxable Income"

Net accounting income represents the result of the corporation's activity over a specified period (accounting period), which is calculated according to accepted and recognized principles, assumptions and accounting methods. While net tax income or taxable income represents the corporation's income for that period in accordance with the applicable tax laws in the country. It is for the purpose of determining the value of the tax invoice payable. Net accounting income is often adjusted to meet calculation requirements of the income tax according to the IRS's view and tax law in the country.

Tax Saving and the Real Sacrifice

Social expenditures "donations" incurred by the corporation's - which seek to achieve the profits- at the end of the accounting period are treated as other expenditures for the purpose of determining the value of the taxable income- in accordance with the traditional accounting approach - where donations contribute to reducing the value of the income tax that will be paid to the fiscal administration according to the law and tax regulation used in the State. Also, the non-mandatory social expenditures (in the field of corporate philanthropy) may contribute to achieving some tax reliefs (tax exemptions) for corporation's. This incentive will lead to a reduction in the value of income tax - which must be paid to the IRS. As it's known, donations are financial amounts incurred by corporation for the purpose of contributing to the achievement of the social benefits for other parties in the society - within the framework of mutual benefits and the corporation. Thus, these expenditures will not contribute to producing the income nor achieving any directly economic benefits to these corporation's such as the contribution of other expenditures (general and administrative expenditures, distribution and sale expenditures, manufacturing expenditures, etc.). Although social expenditures "donations" differ from the other expenditures incurred by the corporation's in terms of the goal of the spending process, however, the accounting treatment of these expenditures in the income statement - for the purpose of determining taxable income - is not different from the treatment of other expenditures, according to the traditional accounting

approach and the method of society's rights and then government's rights (tax exemption in the sense of deduction). As it is shown in the income statement, those expenditures are excluded from the value of revenues (income statement for the purpose of determining the taxable income and economic performance). Generally, this treatment lead to a reduction in the value of taxable income resulting from such expenditures incurred by the corporation during the accounting period, and then a decrease in the value of the income tax paid to the fiscal administration. If the corporation did not incur any non-mandatory social expenditures "donations" during the ended accounting period, the value of the taxable income and the value of the income tax paid to the fiscal administration would be higher than the value of the taxable income and the value of the income tax paid to the fiscal administration in case the corporation incurred non-mandatory social expenditures during the ended accounting period. That is to say that, according to the hypothetical comparison, the corporation which incurs non-mandatory social expenditures will pay an income tax less than what will be paid, if it does not endure non-mandatory social expenditures. As a result of this, the corporation achieves a tax saving as a result of decreasing in the value of the taxable income resulting from the value of the non-mandatory social expenditures "donations".

Tax saving is (The value of the tax must be paid to the fiscal administration under the assumption that the corporation did not incur any non-mandatory social expenditures" donations during the ended accounting period) - (The value of the tax must be paid to the fiscal administration in the case that the corporation incurred non-mandatory social expenditures "donations" during the ended accounting period). Tax saving resulting from donations can be defined as follows: It is the amount of the decrease in the value of the income tax paid by the corporation to the fiscal administration on a definite financial period as a result of incurring non-mandatory social expenditures during that period. Also, it can be defined as the difference in value resulting from comparing the value of the income tax paid to the fiscal administration - under the assumption, that the corporation did not incur any non-mandatory social expenditures during the ended accounting period - with the value of the income tax paid to the fiscal administration in the case that the corporation incurred non-mandatory social expenditures during the ended accounting period. The hypothetical comparison method is used to indicate the paid amounts with the right hand and the collected amounts with the left hand. [33,34]. The Real Sacrifice is the difference between the value of monetary and in-kind donations and the value of tax savings. The Real Sacrifice = The Monetary And In-Kind Donations - Tax Savings.

Types of Tax Exemption for Donations

It is often misunderstood the meaning of tax exemption in exchange for monetary and in-kind donations. The tax exemption may be for the purpose of reduction "in taxable income" or for the purpose of restoration\return "through the final tax invoice, which is calculated without taking into account any donations" - according to the legal text. Both "reduction and restoration\return" contribute to the reduction of the value of the tax invoice payable. But they differ in meaning and method of calculation. As a result of this similarity, the researcher sees the need to define the difference between the two terms in order to remove the state of ambiguity. As the deduction means a

reduction in the value of taxable income by the amount of donations or part of them. In other words, donations (or part thereof) are treated as other expenditures in the statement of income to determine the net accounting income, which represents the taxable income. While restoration\return means reducing the value of the tax invoice "which is calculated without taking into account any donations" by the value of such monetary and in-kind donations(or part thereof). To address the exemption in the sense of restoration\return according to this method, donations are deducted directly from the value of the tax invoice without the need to deduct donations from revenue or the value of taxable income "the final tax invoice, which is calculated without taking into account any donations - donations or part of them". For example, assuming that: A corporation submitted its following financial data to the IRS for the payment of income tax for the fiscal period of last year. Revenue \$ 100,000; Total expenditures \$ 20,000; Monetary donations to government organizations \$ 10,000. What is required: A statement of how to calculate the value of tax exemption in the sense of deduction and tax exemption in the sense of restoration\return. Value of taxable income. Knowing that, donations are deducted in full; Income tax rate is 20%.

Through the data listed in the two tables above (Tables 1-3), it can be said that, the income tax "tax invoice value" is \$ 14,000 when the tax treatment method is tax exemption in the sense of deduction "reducing the taxable income value by the value of donations, thus reducing the value of the tax invoice." While the income tax "tax invoice value" is \$ 6,000 when the tax treatment method is tax exemption in the sense of restoration\return, "reducing the income tax value by the value of donations, thus reducing the value of the tax invoice".

Method of Society's Rights and then Government's Rights (Tax Exemption in the Sense of Deduction)

This is the most widely used method in most corporate income tax laws, it is widely used in many countries of the world. According to this method, corporate monetary and in-kind donations are considered as expenditures which must be deducted from revenues "according to the deduction rate" to determine taxable income. This method allows deducting the value of monetary and in-kind donations from the value of revenue to determine the value of taxable income and the value of the tax invoice, if certain conditions are met in those donations, according to the tax law in force in the State. In other words, deduction of community rights "donations" from revenues and then deduction of income tax "government's rights". The intended tax exemption is to reduce the value of the tax invoice by reducing taxable income by the value of monetary and in-kind donations.

Method of Society's Rights and then Government's Rights Tax Exemption in the Sense of Restoration\Return)

This method is one of the proposed scenarios "perceptions" that can be used. This method is similar to the previous method and the difference between the two methods lies in the interpretation of the meaning of tax exemption. For this method, corporate monetary and in-kind donations are considered as indirect taxes that must be returned to the donor corporation by reducing the value of the tax invoice by the value of those donations- according to certain conditions, with a view to returning those donations to donor

corporation's to avoid double taxation. According to this method, community rights "value of donations" must be deducted from the value of the income tax "the tax invoice" - "according to the deduction rate", what remains of the value of that invoice will be considered as the rights of the government. The intended tax exemption is to refund\return the value of the donations to the donor corporation before paying the tax invoice to the tax authority.

Method of Government's Rights and then Society's Rights

This method pays no attention to monetary and in-kind donations, and it does not grant any tax exemptions. According to this method, donations are deducted from income after tax "Shareholder's equity or distributable income". As taxable income and income tax would be calculated without taking into account such donations. Those donations are deducted from the distributable income after determining the tax value or tax invoice.

A Hypothetical example

To demonstrate the advantages and disadvantages of tax treatment methods for monetary and in-kind donations and the extent of their compatibility with the meaning and content of CSR, assuming that: At the end of 2017, two corporation's (A and B) - they engage\work in the field of manufacture of beverages, and they have the same market share and the same economic strength, submitted their financial statements to the tax authority of a country in order to determine the value of the tax payable. Those financial statements included the following data: Revenue per corporation is \$ 100,000 and \$ 100,000 respectively. The total expenditures per corporation is \$ 30,000 and \$ 20,000, respectively. Note that, the total value of the expenditures of corporation A included \$ 10,000 monetary and in-kind donations to government agencies and recognized charities. Assuming that the income tax rate is 20%, the number of shares per corporation is 1000 shares. Distribution of half the profits to shareholders, according to the financial policy of the two corporation's. Assuming that: (1) The tax law of the State does not permit any tax exemptions for donations; (2) The tax law of the State allows the deduction of donations from the value of taxable income, at a rate of 100% "donations are fully deducted", "tax exemption in the sense of deduction"; (3) The tax law of the State allows the deduction of donations from the value of tax Invoice "tax exemption in the sense of restoration\return". Required: Statement of the advantages and disadvantages of tax treatment methods of monetary and in-kind donations and their impact on the content of the idea of CSR.

Advantages and Disadvantages of Tax Treatment Methods for Monetary and In-Kind Donations

Through the results shown by the calculations in the hypothetical example above, and the nature of these methods, a set of advantages and disadvantages can be devised for each method of tax treatment for monetary and in-kind donations.

First: Method of Society's Rights and then Government's Rights (Tax Exemption in the Sense of Deduction)

This method may be used as a tool to reduce economic losses in inventory by donating obsolete inventory or inventory whose validity period is nearing completion, in order to achieve tax savings that contribute to reducing the amount of economic damage resulting from the obsolete inventory and the validity or expiration dates of

the product "validity of inventory usage in the coming period". This method may also be a means of tax fraud, "tax evasion" or collusive embezzlement.

This method does not contribute to the achievement of tax justice among corporation's. This method is unfair to shareholders, as it adversely affects shareholders' equity. By deducting the value of donations from the value of taxable income, the value of distributable income to shareholders will decrease, (as compared to the shareholders' equity of the Corporation B).

This method generates tax savings and therefore the value of donations does not represent real sacrifice incurred by corporation's in the context of their interaction with the issues and aspirations of the communities in which they operate.

This method is incompatible with the meanings and contents of the CSR, one of the most important of which is the realization "achievement" of justice in rights among all stakeholders. According to this method, of the most affected parties are the government through the contribution of this method to reduce their tax revenues, and investors by reducing the distributable income "profit" due to those donations.

This method may contribute to the negative or positive impact on the market value of the shares of the donor corporation's, depending on the rate of deduction of donations.

Second: Method of Society's Rights and then Government's Rights (Tax Exemption in the Sense of Restoration\Return)

This method may be used as a tool to reduce economic losses in inventory by donating obsolete inventory or inventory whose validity period is close to completion, in order to achieve tax savings that contribute to reducing the amount of economic damage resulting from the obsolete inventory and the validity or expiration dates of the product "validity of inventory usage in the coming period". This method may also be a means of tax fraud, "tax evasion" or collusive embezzlement.

This method does not contribute to the achievement of tax justice among corporation's. This method is unfair to shareholders, as it adversely affects shareholder's equity. By deducting the value of donations from the value of tax invoice, the value of distributable income to shareholders will decrease, (as compared to the shareholder's equity of the Corporation B).

This method may contribute to the atrophy and the disappearance of the idea of CSR or loss of the true meaning of the CSR in the field of interaction with the issues and aspirations of society. Especially if the rate of return of donations is 100% "or that the ratio is sufficiently close to the ratio of 100%" (The donations will be refunded), as if those who incur those donations are the governments and not the corporation's. This method is incompatible with the meanings and contents of the CSR, one of the most important of which is the realization "achievement" of justice in rights among all stakeholders. According to this method, the only aggrieved party is the government through the contribution of this method to reduce their tax revenues by the amount of those contributions.

According to this method, if the value of the returned

contributions is less than the actual value of those contributions, the result will be the emergence of what is known as the concept of real sacrifice of voluntary contributions (Total donations – recovered “Restored\Returned” donations = real sacrifice).

According to this method, shareholders' equity is affected by the amount of restored\returned donations. When the return\restoration rate decreases, shareholder's equity will decrease and vice versa.

This method may contribute to the negative or positive impact on the market value of the shares of the donor corporation's, depending on the rate of return “restoration” of donations. The increase in stock returns resulting from tax treatments does not reflect the real economic performance of corporation's. These gains may contribute to an economically unjustifiable increase in the market value of the shares of the donor corporation's, and thus make the wrong investment decisions.

Third: Method of Government's Rights and then Society's Rights

This method does not achieve tax justice among corporation's. As well as, it is unfair to shareholders, as it adversely affects shareholder's equity. Whereas the value of the distributable income will decrease due to the deduction of the value of donations from the value of income after taxes. This method may contribute to the emergence of so-called double taxation, if donations are considered indirect taxes. Shareholders will incur such donations as well as tax on distributions.

This method does not achieve any tax savings, so the value of donations will represent the value of the real sacrifice incurred by the corporation. This method reflects the real sacrifice incurred by corporation's to fully fulfill their commitments towards the rights of society “donations” and government's rights “income tax”. The value of donations without any tax savings and the value of taxes paid without any tax exemptions.

According to this method, donations cannot be used as a means of tax evasion, but this method may be a means of embezzling the corporation's money by corrupt administrations “collusive embezzlement” in case of separation of ownership from the administration.

This method cannot be used as a means of deceiving the public\public opinion regarding the donations made to societies. This method does not contribute to achieving the tax savings, which can contribute to reducing the amount of real sacrifice incurred by corporation's. Voluntary contributions will represent the value of true sacrifice. This method is opposed to embrace the policy of circumventing public opinion “The policy of giving\granting money with the right hand and retrieving the money granted with the left hand”.

This method reflects the true intentions of corporation's regarding contribution to the development of the communities in which they operate. The obligation of corporation's to pay donations with the use of this tax method to treat the donations by the tax authority\IRS means the optimum level of corporate dedication to fulfill their social responsibility toward their societies.

This method does not contribute to the achievement of tax justice among corporation's. This method is unfair to shareholders, as it adversely affects shareholder's equity. By ignoring the value of

donations when determining the value of the tax invoice payable to the tax authority, (as compared to the shareholder's equity of the Corporation B).

Content of the Idea of CSR and Tax Treatment Methods for Monetary and In-Kind Donations

The idea of CSR has come into existence in order to create a greater role for corporation's in their communities, and fruitful interaction between those corporation's and their communities in which they operate, through which such corporation's obtain their economic resources, market their products, and export their damage and disadvantages. That role, that transcends the barriers of their traditional role of maximizing profits and gains. This does not mean that corporation's will not achieve any economic benefits by adhering to their social responsibility, on the contrary, corporation's can achieve economic benefits by adhering to their social responsibility, but the only way to reach that goal is through gaining the competitive advantage, which can be created by that commitment. Competitive advantage can be achieved through the loyalty and satisfaction of employees, consumers, society, government and investors. That loyalty and satisfaction can be gained through a corporate commitment to their social responsibility. In the modern era, workers, consumers, society, government and investors have become more aware of the importance of corporate commitment to their social responsibility, where they have an influential role in the issue of the economic gains that corporation's seek to achieve through competitive advantage. They have become the pillars of competitive advantage, through which economic gains are achieved.

CSR means not waiting for any economic benefits, except for those benefits that are achieved by competitive advantage. The competitive advantage is to promote the economic situation of corporation's, and any other gains that CSR can achieve them, should not be on the list of corporate aspirations. CSR is not a means to achieve the economic gains outside the competitive advantage.

CSR means devotion, sincerity of the intentions and loyalty in commitment, not pretending the commitment for misleading propaganda purposes in accordance with the policy of giving with the right hand and taking with the left hand through a detestable opportunistic behavior. CSR does not mean providing benefits to a particular community at the expense of another community. In other words, not to provide benefits to a particular sect\group that would cause damage to another sect.

CSR means achieving justice in rights. CSR means keeping away from opportunistic behavior. CSR means not to exploit legal gaps to achieve economic gains. CSR means not to deceive public opinion, even if it is legally permissible. Where data and information should be disclosed in accordance with transparency standards. CSR is a thought that embraces all lofty meanings that oppose all behaviors and immoral practices and tools that contribute to the spread of those behaviors and practices.

Based on the Above. It Can Be Said That

The Method of Society's Rights and then Government's Rights “Tax Exemption in the Sense of Deduction and Tax Exemption in the Sense of Restoration\Return” Is Inconsistent with the Content of the Idea of CSR, for the Following Reasons: According to the

researcher's point of view, the accurate analysis of this method conceals behind it a state of compulsory partnership. CSR is a commitment based on voluntarism in most of its areas. According to this method, donations are voluntarily incurred by corporation's, while the government is obliged by law to bear\incur part of those donations "tax savings resulting from those donations". The researcher believes that this method compels the government to contribute to these donations in a mandatory, non-voluntary manner. Where the real sacrifice incurred by corporation's - which is less than the real value of donations, means that part of the monetary and in kind donations will be incurred by the government. This mandatory partnership can be inferred through the tax savings that corporation's earn as a result of donations, and the decrease in the value of government revenues from taxes resulting from such contributions. CSR does not mean forcing other parties to take part in corporate compliance with their social responsibility towards the communities in which they operate. The tax laws that permit this, are in fact distorting the true meaning of CSR.

The idea of CSR did not appear to exist for economic gain outside the competitive advantage, and it did not come into existence to promote opportunistic behavior and exploit legal loopholes. If this happens, the CSR will lose its true meaning and will deviate from its noble and lofty goals and motives. This method contributes to achieving the tax savings and economic gains-outside the competitive advantage, thus it is incompatible with the content of the CSR idea. As the positive effects of CSR must be achieved through the competitive advantage that can be earned by corporation's through their serious commitment to their social responsibility. Those gains "outside the competitive advantage" distort the content of the CSR idea. In other words, those gains will contribute to blurring\obliterating the supreme meanings of the CSR, make the CSR just a means for economic profits and seizing opportunities through legal loopholes.

CSR is the performance of activities and the achievement of goals in an ethical behavior. The CSR should be above the level of suspicion and uncertainty. CSR as a modern idea is antagonistic to the opportunistic behavior. The CSR is not a means of exporting the administrative failure to other parties, and is not a means of reducing the economic losses of corporation's through the exploitation of legal gaps. This method may be a means to achieve that (to export the administrative failure\to reduce the economic losses). This method may be exploited by corporation's to get rid of obsolete inventory or inventory whose validity period is nearing completion through the donation to government agencies and bodies or charities, not to interact with the issues and aspirations of the community, but to reduce the economic losses of those corporation's. Where the government will bear the consequences of administrative failure of corporation's and erroneous decisions regarding inventory by allowing tax authority to deduct the value of that inventory from the value of corporation's revenue or from income tax "initial tax invoice" by type of tax exemption. "Taxable income or income tax "initial tax invoice" will be reduced by the value of that inventory and this treatment will result in a reduction in the value of the tax invoice or the value of the final tax invoice".

CSR is the performance of activities and the achievement of goals in an ethical behavior that fights fraud and circumvention and concealment of information. One of the messages and visions of

CSR is an opposition of the fraudulent conduct. CSR is not a means of circumventing and deception. This method, in the absence of a comprehensive disclosure of donations "not to disclose the tax savings and real sacrifice" can contribute to misleading public opinion about those donations. This method conceals what is known as the tax savings and real sacrifice, which are unknown by many people. This is contrary to the principle of transparency in the presentation of data and financial information related to corporate social performance.

One of the contents of the CSR idea is to achieve justice in the field of the rights among all stakeholders. Adopting this method is unfair to the government. It contributes to reducing government revenues from taxes. As well as, this method does not contribute to the achievement of tax justice among corporation's. This method also does not achieve tax justice among investors in the corporation's.

The idea of CSR is to achieve the goals of the organization in an ethical behavior. It fights corruption and opposes all avenues and factors that contribute to the practice of immoral behaviors. This method is a means for the tax evasion, collusive embezzlement and the export of administrative failure to others "issue of inventory referred to previously".

CSR is an idea above all suspicions. It did not emerge to exist to be within the circle of suspicion and interpretation of intentions by the public and evaluators. The adoption of this method does not reflect the hidden intent behind the incurring of monetary and in kind donations by corporation's. Are these donations aimed at interacting with the issues and ambitions of society or are they for the purpose of achieving economic gains outside the framework of competitive advantage? As a result, it is not possible to judge the extent of corporation's understanding of the true meaning of their social responsibility towards their societies, as well as to judge the level of their dedication and loyalty to those communities in which they operate.

CSR does not mean to cause harm to the any of the stakeholders. CSR does not mean support for a party and at the same time harming another party. According to this method, the aggrieved party is the government. This method contributes to the reduction of government revenues from taxes and thus reducing its financial ability to meet its obligations.

While the Method of Government's Rights and then Society's Rights is Consistent with the Content of the Idea of CSR, for the Following Reasons: This method will put corporate monetary and in kind donations above the level of suspicions. The sincere intention of corporation's to develop their communities and their serious commitment to their social responsibility in the societies in which they operate can be confirmed when this method is adopted by the legislative bodies and applied by the tax authority, and with the continuation of corporation's in the donation activities. This situation will reflect the desired ideal position of CSR in the community, especially as corporation's realize that no economic gains are made outside the competitive advantage.

This method is consistent with the content of the CSR idea with regard to the achievement of justice in rights "justice in the distribution of rights". Justice here is in the sense not to harm a party in return for the benefit of another party. The deep meaning

of the CSR will impose on corporation's the need to achieve justice in the field of financial rights between the parties of stakeholders "society and government" in the case of donations to governmental and non-governmental bodies. Accordingly, government revenues should not be affected by donations paid by corporation's. In light of the terrible population explosion and the increase in the burden of government, this method will contribute to support the government in meeting its obligations towards its society without any financial bottlenecks due to the decrease in revenue from direct taxes as a result of these unexpected donations. As the continuation of corporation's to make donations despite the application of this method by the tax authority in the State reflects an idealism degree about CSR within the community. Here, it should be noted that both society and government are independent parties in the stakeholder group and both represent an area of CSR areas. Based on this it can be said that, the method of tax treatment that favors a party at the expense of another party will be a breach of CSR's content that calls for the achievement of justice in the distribution of rights.

Regarding equity among investors in corporation's\or justice among corporation's (working in the same field - they have the same market share and economic power), "justice in the distribution of profits\or with respect to the rights of the owners", as noted above, this method does not achieve justice among corporation's, and among investors in corporation's (because there are some corporation's incur those donations and others do not incur), the researcher believes that this issue can not impede adoption of this method for the following reasons: (1) In the presence of the conscious investor, the conscious consumer and active pressure groups in society, corporation's will be forced to assume their social role(providing charitable donations). Therefore, the differences among corporation's will be close\converging; (2) A comprehensive disclosure of the relationship among donations, distribution of profit among shareholders and taxes can contribute to the evaluation of the corporate economic performance in a logical manner by current and prospective investors, thus, according to the researcher's view, this relationship will have no effect on the market value of the shares of the corporation's that incur those donations in the presence of aware investors of the importance of CSR in the society; (3) Donations may enhance the competitive advantage of corporation's, and thus improving the economic performance of these corporation's in the future, and then redeeming any reductions in the rights of owners in the future; (4) The decrease in the amount of income available for distribution as a result of these contributions can be considered a sacrifice offered by investors as a separate entity or an independent entity of the corporation to enhance the idea of social solidarity in society and achieve economic development in the country.

CSR means transparency and non-circumvention and this method is fully consistent with this matter. The tax treatment of monetary and in kind donations by using this method will reflect the real sacrifices incurred by corporation's towards both the society - through donations in the context of interaction with its issues and aspirations "without achieving any economic gains outside the framework of competitive advantage", and the government through taxes paid without any deductions for those contributions. It is also known that this method does not achieve any tax savings for the benefit of corporation's. As a result, there will be no chance

of circumventing and deceiving the public about the disclosure "comprehensive disclosure" of such donations. As well as, the policy of circumvention by using the concept of "give by right hand and take by the left hand", which is permitted by law as in other methods. The policy of circumvention cannot be achieved by this method.

Solve the Problem "A Justified View"

All the justifications "advantages and disadvantages" above, which were derived from the tax treatment methods of corporate monetary and in kind donations strongly support the adoption of the method of government's rights and then society's rights because of its harmony with the content of the CSR idea. And regardless of all these justifications. Adopting the method of government's rights and then society's rights as one of the methods of tax treatment for donations by the legislative bodies in the state with the acceptance and satisfaction of corporation's will reflect the level of understanding of the true meaning of CSR by corporation's. Satisfaction and acceptance of corporation's in this method reflect the level of their great commitment to their social responsibility towards their societies, and their wonderful loyalty to the communities in which they operate. When corporation's are committed to providing monetary and in kind donations, and they are aware that they will not achieve any tax benefits "economic gains", this in itself means the highest degree of dedication\sincerity" of those corporation's regarding their commitment to their social responsibility towards their communities in which they operate. Based on this logical argument, it can be said that, the adoption of the method of government's rights and then society's rights in corporate income tax laws by legislative bodies in the state will be considered a victory for CSR idea. Adopting this method with the satisfaction of all concerned parties will reflect the ideal and desired position of CSR in the community. The obligation of corporation's to make monetary and in kind donations, and they know that such donations will achieve economic benefits outside of competitive advantage will reflect a hazy image about the CSR and its noble objectives and lofty meanings in those communities. This hazy image will contribute to creating doubts about corporate intentions regarding their interaction with the issues and aspirations of their communities. However, the obligation of corporation's to make donations and they know that they will not achieve any economic benefits "tax savings" will contribute to dispelling any bad doubts about commitment intentions of those corporation's to their social responsibility. As well as, CSR is one of the innovative tools that combat all negative behaviors such as tax evasion, collusive misappropriations "thefts", opportunism, etc., and the method of government's rights and then society's rights is fully consistent with CSR in this regard.

Conclusion

Through the advantages and disadvantages of tax treatment methods of monetary and in kind donations, it can be said that, it would be better to use the method of government's rights and then society's rights, because it reflects the true meaning of the content of the CSR idea and its lofty goals. As well as, the continuation of corporation's to make these contributions with the adoption of the income tax law in the state this method will reflect the degree of perfection and idealism\optimality of the CSR in the community.

In light of the government's reliance on taxes in the conduct

of their affairs in some vital areas, and as a result of the population explosion witnessed by our world today, with the scarcity of economic resources, and to increase the burden of the government in confronting contemporary challenges such as achieving the economic well-being of their societies, improving the standard of living of their citizens, strengthening the security and integrity of their lands, governments are no longer able to finance all development projects, develop infrastructure, meet contemporary challenges, meet the aspirations of their people at the same time, and with the same economic resources available. The private sector is a reliable partner, which could contribute to incurring part of the burden of those governments, by adhering to its social responsibility towards the society in which it operates, in exchange for depleting its economic resources and causing damage to its material and moral components in order to achieve its economic gains. As a result, this study supports the adoption of the method of government and then society as a method of tax treatment of corporate monetary and in-kind donations according to the following justifications: Taxes are a part of government revenues, which are often spent in matters of public interest. Reducing such taxes in any way means harming the public interest through a decrease in the level of public services; Donations are supposed to be provided by corporation's without waiting for any advantages or tax exemptions except to gain competitive advantage, any other method of tax treatment of these donations will mean "pay with your right hand, and retrieve with your left hand". While the method of society's rights and then government's rights contributes to reducing state revenues from taxes, this is a breach of the content of the CSR idea. CSR means full commitment to the fulfillment of all stakeholder's rights, complete without diminution, and without discrimination.

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