

# NAEIR.org: Reduce Excess Inventory, Optimize 2021 Taxes, & Do a Good Thing by Donating to a Gifts in Kind Organization

*United States manufacturers donate excess inventory to a non profit gifts in kind organization like NAEIR.org.*

UNITED STATES, November 30, 2021 /EINPresswire.com/ -- With supply chain bottlenecks and semiconductor shortages, manufacturers may be surprised to learn that some companies are actually facing warehouses full of [excess inventory](#) as the fourth quarter gets underway.

But they don't have to carry that inventory in 2022. Instead, they can put it toward an in-kind donation that will not only support a nonprofit but also reduce their 2021 tax burden.

For example, sanitizing supplies were in great demand early in the pandemic, so companies stocked up. Current demand remains higher than it was before the pandemic, but manufacturers that ramped up production and retailers that filled their shelves are saddled with excess inventory.

But, think about the hurricanes, floods and wildfires that have plagued Americans this year. It's clear that excess inventory is much needed in many areas of the country – not only sanitizing

supplies, but other nonperishables such as clothing, janitorial supplies, school supplies, personal and baby care items, even waterproof cell phone bags.

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How gifts-in-kind work

When manufacturers donate stock to a gifts-in-kind organization, valuable staff time isn't wasted identifying deserving charities. Gifts-in-kind



organizations are 501(c)(3) nonprofits that collect corporate product donations and then turn them over to qualified nonprofits. Basically, they do all the legwork.

A gifts-in-kind organization like the non profit NAEIR.org, should be a registered 501(c)(3) with a clean Better Business Bureau record and Form 990 filings as required by the IRS.

A gifts-in-kind organization should make it easy. It should accept 100% of overstock that is appropriate for giving to non profit organizations like schools, churches and social service organizations, whether it's a truckload or a few cartons, at any time of the year. Of course, it should also provide a full accounting of the donations and who received them if the manufacturer requests one..

Giving in-kind is a win-win

In-kind donations not only benefit nonprofits; they also can help the manufacturer's bottom line.

Section 170(e)(3) of the Internal Revenue Code states that when C Corps donate their inventory to qualified nonprofits, they don't just receive a tax deduction: they can receive a tax deduction equal to up to twice the cost of the donated products.

Under the tax code, deductions are equal to the cost of the inventory donated, plus half the difference between the cost and fair market-selling price, not to exceed twice the cost.

For example, if a product costs \$10 and is sold for \$30, the difference is \$20. Half of \$20 is \$10. So, \$10 (product cost) plus \$10 (half the difference) equals a \$20 deduction. As \$20 does not exceed twice the product cost, it is an allowable deduction. It's that simple.

Charitable groups receiving donated product must abide by the guidelines outlined in IRC section 170(e)(3), which states that the merchandise must go to care for the ill, needy or minors. They also may not barter, trade or sell the donated items, thereby protecting the quality of a brand's identity.

#### ABOUT NAEIR

Gary C. Smith is president of the nonprofit National Association for the Exchange of Industrial Resources (NAEIR) is the oldest and largest gifts-in-kind organization in the U.S. NAEIR receives donations of excess inventory from American corporations and distributes the material to a membership base of more than 80,000 charities. It has collected and redistributed more than \$3 billion worth of new, donated supplies and equipment since its founding in 1977. On average, NAEIR members acquire more than \$18,000 worth of free products per year for their organizations. For more information about NAEIR, visit [www.naeir.org](http://www.naeir.org) or call 1-800-562-0955.

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