

# E-tail returns burning a hole in the bottom line... a Gifts in Kind Solution

GALESBURG, ILLINOIS, UNITED STATES, April 13, 2022 /EINPresswire.com/ -- The National Retail Federation estimates that about 20 percent of merchandise sold online is returned by the customer. And that's a costly proposition for [e-tailers](#). In most cases, returns mean the seller has paid for shipping twice (to and from a customer) without getting a sale.

Returned products need to be inspected and repackaged, which takes valuable time. That's if (a big IF) the merchandise is returned in good condition. Plus, the retailer is taking a chance that the product won't go out of style or expire before it can be resold. It's unlikely most returns can be resold at full price, so even brand-new merchandise can end up at a liquidation warehouse or in the trash heap.

Rather than trashing merchandise or selling it to a liquidator, where you can't control brand identity, e-tailers should consider donating returned merchandise. The resulting tax break may be quite handsome, and it may even be more financially beneficial than reselling the merchandise at a cut-rate price.

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*Gary C. Smith*

Just donating the goods to a nonprofit, though, comes with its own headaches. The e-tailer has the task of vetting an organization, making sure it will accept what's being offered, understanding how it will be valued, and figuring out how and where merchandise has to be delivered.

Gifts-in-kind donation organizations, like [www.NAEIR.org](http://www.NAEIR.org), do that legwork for e-tailers. According to NAEIR President Gary C. Smith, "[Gifts in Kind](#) organizations will accept most overstocks and returns, whether it's a truckload or a few cartons, at any time of the year and ensure those items go to qualified nonprofit organizations.”

Thanks to the generosity of donors, quality, brand new merchandise is given each year to U.S. schools, churches and non-profits, allowing them to stretch their budgets, get more done with less money and even expand services.



Donated merchandise runs the gamut from educational products, safety supplies, books, clothing, crafts, office items and a myriad of other goods. Many of this country's leading corporations have discovered that in-kind giving is extremely beneficial to their bottom line and they're doing something good to boot. Giving in-kind makes you feel good, and companies are assured that their merchandise won't end up on the open market or have the brand diluted. Plus, the donating company may qualify for a substantial tax deduction.

Section 170(e)(3) of the Internal Revenue Code states that when Regular C corporations donate inventory to qualified nonprofits (also known as 501(c)(3), 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 it retails 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.

There's no one solution to the issues caused by customer returns. But, in-kind donations can be an integral part of the solution for online business and will certainly help others.

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