

Why are donations to the CNTR not tax deductible?

The short answer is because there is no benefit for the vast majority of tax payers, and the money would have much less impact for the kingdom of God. The CNTR is not an incorporated 501c3 non-profit organization, but an unincorporated non-profit association run by volunteers. Thus, contributions to the CNTR are not tax deductible under the U.S. tax code, but are merely considered to be personal gifts to individuals. This is not because the CNTR could not register to become a 501c3 non-profit organization, but because of an intentional choice not to do so in order to maximize the resources for the kingdom of God. Consider the tax liabilities in following scenarios where a donor wants to give \$100 to a missionary:

501c3 Non-Profit Organization	
Donor in 25% tax bracket pays taxes on the \$100 earned	-\$25
Missionary in 25% tax bracket pays taxes on the \$100 received	-\$25
Missionary also pays 15% self-employment tax on the \$100	-\$15
Total loss from taxes	-\$65
Total remaining value	\$35

Unincorporated Non-Profit Association	
Donor in 25% tax bracket pays taxes on the \$100 earned	-\$25
Total loss from taxes	-\$25
Total remaining value	\$75

As you can see, donating to a 501c3 non-profit organization provides a lot less benefit to the mission field, because the money is taxed twice – once by the donor who earned it, and then again by the missionary who receives it. But personal gifts made directly to individuals of up to \$18,000 each year are not taxed at all. According to the Tax Foundation, almost 90% of U.S. tax payers do not itemize deductions, so this scenario applies in most cases! Thus, whether an organization has 501c3 status or not provides absolutely no financial benefit to most donors. But what about the few donors who are in a position to reduce their taxes by itemizing deductions?

501c3 Non-Profit Organization	
Donor deducts the \$100 contribution on the \$100 earned	\$0
Missionary in 25% tax bracket pays taxes on the \$100 received	-\$25
Missionary also pays 15% self-employment tax on the \$100	-\$15
Total loss from taxes	-\$40
Total remaining value	\$60

Unincorporated Non-Profit Association	
Donor in 25% tax bracket pays taxes on the \$100 earned	-\$25
Total loss from taxes	-\$25
Total remaining value	\$75

Again, the net result is less money available to be used on the mission field. Those who would give to receive a possible tax deduction for their own personal gain should weigh that against the greater financial impact to the organization they want to support. There are other reasons why an organization may wish to become a 501c3 organization, but they are not currently applicable to the CNTR. So instead, the CNTR seeks to maximum the monetary value of the donations given for the benefit of the kingdom of God.