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Buffett Gains Tax Benefit From Billion-Dollar Charity Donations

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Warren Buffett's gargantuan contributions to charity don't just help to make the world a better place, they also serve to reduce his tax liability, says San Francisco-based tax attorney Robert Wood.

Buffett recently announced a donation of \$2.8 billion worth of Berkshire Hathaway Class B shares to charity this year. Recipients include the Bill and Melinda Gates Foundation and foundations set up by Buffett family members.

So, "why donate stock rather than cash?" [Wood asks on Forbes.com](#). "When someone donates stock, the donor gets a charitable contribution deduction based on the fair market value of what is given."

But the value of the shares is undoubtedly much greater than it was when Buffett received them, so he's getting credit for the stock appreciation without having to pay capital gains taxes.

"Donating appreciated stock is far better than selling the stock, paying tax on the gain, and donating the cash," Wood notes. And charities don't have to pay any capital gains taxes if they sell the stock Buffett gives them.

Elsewhere on the tax front, Fortune magazine [has dropped Medtronic and Mylan](#) from its prestigious Fortune 500 list for domiciling overseas to avoid taxes, and Washington Post Allan Sloan approves — of the magazine's move that is.

"To its credit, Fortune kicked Medtronic and Mylan off for deserting our country," he writes.

Fortune's list editor Scott DeCarlo told Sloan, "The Fortune 500 is going to remain a list of companies based in the U.S. We want to maintain the integrity of the list."

But while the corporate tax inversions like Medtronic and Mylan's have abated, "corporate desertions continue, sometimes in mutated forms," Sloan writes.

"For example, two of the three companies whose desertions had been upended by the Treasury's new regulations were acquired by previous deserters: Salix Pharmaceuticals by Valeant Pharmaceuticals, and Auxilium Pharmaceuticals by Endo International."

So what's the upshot of all this? "Absent a miracle in Washington, the bleeding of corporate tax revenues out of our country will continue," Sloan explains.

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