

idea of CSR. By evaluating the impact of tax incentive policy on CSR thought, many distortions - that reflect the state of inconsistency between this policy and the thought of CSR - can be identified. This policy is inconsistent with CSR thought. This policy conflicts with a set of concepts in the theory of CSR. Adopting a policy of granting tax incentives to donor companies by legislative bodies means obstructing the application of the theory of CSR in a correct scientific manner and distorting its intellectual content.

This article aims to highlight the distortions that the idea of CSR is exposed to due to the policy of granting tax incentives to donor companies adopted by legislative bodies in many countries of the world.

CSR theory is modern compared to other theories in business. It is still under development. Using the Google search engine to obtain information on the Internet, it was found that there were no previous studies that had addressed the issue of the impact of the policy of granting tax incentives to donor companies on the idea of CSR. Accordingly, the researcher expects that there are many legislative bodies that are not aware of the distortions that tax incentive policy creates in the thought of CSR. Given the scarcity of writings in this field, this article is considered an enrichment of CSR thought. This article will enhance the intellectual capabilities of specialists in tax legislation. The logical justifications and rational arguments raised in this article can be a pressure tool towards developing tax treatment laws for corporate donations in many countries of the world, with the aim of protecting the idea of CSR from distortion (Heykal et al., 2024).

Corporate Social Responsibility. The idea of corporate social responsibility (CSR) is nothing new. The new is the evolution that has occurred in the content of its thought over time. CSR, 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 aspirations of the communities in which companies operate. CSR was no more than philanthropic initiatives by employers to help workers and people experiencing poverty. The thought of CSR has evolved with the emergence of many theories and approaches that explain it, most notably the stakeholder theory. This theory has contributed to confirming and consolidating the areas of CSR, such as "improving working conditions, protecting consumers and their welfare, protecting the environment, interacting with community issues and aspirations, and complying with all requirements of sustainable development." New areas of CSR that go beyond charitable initiatives represent the recent salient developments in CSR thought.

The charitable initiatives provided by employers to people experiencing poverty and their employees in the past centuries have had a significant impact on the emergence of CSR thought. Philanthropic initiatives indirectly suggest that other parties, other than shareholders or owners, and the government, have rights in corporate profits. Those rights derive their legitimacy from social contract theory and stakeholder theory. Fulfilling those rights is an ethical issue. Among the general public, there is still confusion between the concept of philanthropic responsibility and CSR. The fact that those people do not know is that "the first is considered one of the components of the second." Philanthropic initiatives were the starting point in the formation of the theory of CSR. In fact, development does not only include the concept of CSR, but also encompasses the concept of philanthropy, as one of its components, to transform from a mere random practice into an effective strategy.

CSR is a business model that aims at promoting self-regulating social initiatives, which are intended to support a wide range of stakeholders. Such initiatives often go beyond compliance with regulations and legal legislation. Therefore, CSR is usually manifested through the corporation's



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voluntary commitment to foster social good through ethical behaviors, corporate governance, stakeholder engagement, charitable contributions, community involvement, and via environmentally sustainable practices, among other laudable actions (Camilleri & Carroll, 2024)."

Many definitions of CSR have similar meanings. In this article, 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 companies' commitment to maximizing their profits through the optimal exploitation of available resources legally and ethically, 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 an 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. CSR means the commitment of companies to manage their available economic resources legally and ethically, without harming the components of the natural environment, and within the limits of the economic rationality controls to maximize their profits, develop their capabilities, and improve the current and future quality of life in the communities in which they operate (Saleh, 2022).

Corporate Philanthropic Responsibilities. Philanthropic responsibility is just one aspect of CSR. It is one of the components of CSR. Philanthropic responsibility is often seen as the highest level of the "CSR" pyramid that begins with economic responsibility and ends with philanthropic responsibility. It involves going above and beyond what is legally required as a business, meanwhile making a voluntary contribution to society. The fact that there is no compulsory guideline to engage in philanthropic responsibility, it is completely up to the organization. However, philanthropic responsibility cannot be viewed in isolation from the other aspects of CSR. For example, a business cannot be considered philanthropic if it is engaging in environmentally damaging practices or exploiting its employees (Mallaby, 2023).

Corporate Social Contract. The corporate social contract is an explicit or implicit compact that regulates the relations between the firm and the community and moderates the mutual benefits open to them. The corporate social contract typically posits that the firms have consented, either explicitly or tacitly, to surrender some of their profits to the community in relation to the negative externality their activities have created in the community. Also, the notion of the "corporate social contract" indicates that the community has consented, either explicitly or implicitly, to surrender its resources to the firm in exchange for compensation. CSR is the most elementary form of the contract (Ibanga, 2018). The social contract theory is a logical argument to justify corporate philanthropic responsibility. Due to the negative effects that many companies cause to their communities, such as depleting natural resources and polluting the environment in exchange for maximizing the wealth of owners, the idea of the social contract emerged to justify the charitable responsibility of companies. Social contract theory is used to justify corporate philanthropic responsibility, which is based primarily on the principle of compensation. This theory calls on companies to voluntarily provide a portion of their profits to the communities in which they operate as compensation for those damages. Therefore, the researcher defines corporate philanthropic responsibilities as a component of CSR as follows: Corporate philanthropic responsibilities are the material and non-material donations that companies voluntarily provide to their communities as compensation for the depletion of their resources and involvement in polluting their environments, in fulfillment of the requirements of the implicit social agreement between those companies and the communities in



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which they operate. Corporate participation in charitable activities is voluntary and not imposed by law. Companies' commitment to their charitable responsibilities contributes to improving the quality of life and enhancing levels of well-being within society. The researcher also defines corporate philanthropic responsibility in another form as follows: It is a set of philanthropic activities carried out by corporations (material and non-material support) that contributes to improving the quality of life and promoting well-being within the communities in which they operate, which is voluntarily provided without any legal coercion, in response to the expectations of those societies according to the requirements of implicit social contracts without waiting for any direct economic gains. Corporate philanthropy responsibility (CPR) is the tangible and intangible contributions that companies make to the societies in which they operate in voluntary response to the requirements of the implicit social contract between them (companies and societies) with the aim of improving the quality of life and enhancing the well-being of those societies. CPR is the compensation provided by companies to the communities in which they operate in fulfillment of the requirements of the implicit social contract between them (companies and communities) with the aim of improving the quality of life and enhancing the well-being of those communities.

Corporate Philanthropy (CP). In most countries worldwide, classic government support for community development is declining, but a relatively new form of institutional philanthropy has emerged as a player in this field (Reid et al., 2022). CP is not uniformly defined; some scholars (e.g., Carroll 1991) view CP as an integral part of CSR, while others (e.g., Dowling & Pfeffer 1975; Chen et al. 2008; Szöcs et al., 2016) see it as an independent instrument to gain social legitimacy. In 2003, Schwartz and Carroll developed Carroll's model (1991). They proposed a non-hierarchical model that includes three dimensions of CSR: economic, legal, and ethical (Raczkowski et al., 2016). "The proposed model eliminates the separate philanthropic category and subsumes it within the economic and/or ethical spheres" (Schwartz & Carroll, 2003). Although there are growing expectations of firms' charitable activities, these are generally described as entirely voluntary (Hemingway & MacLagan, 2004; Szöcs et al., 2016), and decisions concerning CP are often at management's discretion (Buchholtz et al., 1999; Szöcs et al., 2016). CP may be depicted on a continuum ranging from altruism to strategic philanthropy or "fruitful philanthropy" (Burlingame & Young, 1996; Szöcs et al., 2016), where the latter is defined as "giving of corporate resources to address non-business community issues that also benefit the firm's strategic position and, ultimately, its bottom line" (Saiia et al., 2003; Szöcs et al., 2016). For this article, the researcher regards CP as a subset of CSR – that is, "tangible and intangible donations made by companies to support non-profit organizations, specific segments of society, or society as a whole with the aim of improving the quality of life and enhancing the well-being of the beneficiaries of those donations, or supporting and advocating for specific issues in society, or alleviating the suffering of those affected in compelling circumstances (such as in cases of war, natural disasters, and epidemics)."

Sen and Bhattacharya (2001) indicate that CSR activities often have a positive effect on customers' perceptions of the corporation (Szöcs et al., 2016). Such activities indicate a business's responsiveness to the needs and aspirations of the society upon which it depends for survival and continuity (Marin et al. 2009; Hoeffler et al. 2010; Szöcs et al., 2016). Whether and to what extent a corporation engages in charitable causes will have an impact on how stakeholders relate to the corporation (Bhattacharya & Sen, 2003; Lee et al., 2009; Szöcs et al., 2016) and will affect the corporation's economic result (Wang et al., 2008; van Beurden & Gossling, 2008; Szöcs et al., 2016). However, charitable acts may also create undesirable reactions (Dean, 2003) and raise protests from customers and other stakeholders (Szöcs et al., 2016). Brown and Dacin (1997) found that "negative



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CSR associations ultimately can have a detrimental effect on overall product evaluations" (Szöcs et al., 2016). Yoon et al. (2006) refer to the "backfire effect" of CP, resulting in a negative image; further, Sheikh and Beise-Zee (2011) state that customers holding a negative cause affinity might turn away from the firm. These findings indicate a need to analyze stakeholder reaction to CP in greater depth (Szöcs et al., 2016).

CP refers to the activities and programs that businesses voluntarily initiate to manage their impact on society. Typically, CP activities include monetary investments, donations of products or services, in-kind donations, employee volunteer programs, and other business arrangements that aim to support a social cause. While some companies spearhead and operate CP programs themselves, others may focus on advancing the work of local community organizations, nonprofit organizations, or other social initiatives geared toward improving the quality of life in society.

Charitable corporate contributions (sometimes subsumed under the wider concept of CSR) have often been seen as a way of giving back to the society within which a corporate entity operates in order to engender goodwill and promote a positive corporate image of the company among the citizenry. Behind this facade of promoting good relations, however, there may be an ulterior motive of exploiting the tax advantage such an adventure confers on the corporate donor (Odubunmi, 2018).

Philanthropy is a term associated with the American tradition of charitable giving. Initially, it was associated with a person, a philanthropist, but today the term corporate philanthropy (CP) is more developed, meaning the business sector's voluntary giving. (Mihaljevic & Tokic, 2015). Philanthropy stems from the Greek word, which means love of humanity. Popular interpretations today refer to private initiatives for the public good (J. W. Gardner) or initiatives directed at the improvement in the quality of human life (Robert Bremner). Colloquially, philanthropy is most commonly used interchangeably with charitable giving. – WINGS (John et al, 2017).

CP is the act of corporations donating a portion of their profits or assets to non-profit organizations that do not receive any support from governments (Madrakhimova, 2013). This definition may be consistent with the laws in some countries that only allow companies to make donations to non-profit organizations to prevent fraud and deception. Those laws restrict the freedom of companies, as they do not allow companies to donate directly to people experiencing poverty, contribute to solving social issues and problems, or complete some public projects such as building schools, hospitals, etc., in addition to non-material assistance 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 between companies and society. Another definition is: The use of discretionary financial and human resources for primarily public benefit, while recognizing that impact might also accrue for the company's shareholders and employees (John et al, 2017). In a previous study, the researcher defined CP (Corporate Giving, Corporate Donation, Corporate Contribution) as follows: It is all tangible assistance (such as money, assets, and goods (and non-tangible (such as services, consultations, and volunteer work (that are voluntarily provided by companies to nonprofit organizations, people experiencing poverty and people in need, or for the public good to improve the quality of life in the community (Saleh, 2020a). CP may result in benefits for corporations such as exemptions and tax incentives, in addition to enhancing the competitive advantage. Corporations are increasingly interested 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 of the 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



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44% of them offering paid time off to employees who volunteer (Man, 2006; Perry, 2006). The global survey of CSR spending over the period 2011 – 2013 by Dattani et al. (2015) 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 (John et al, 2017).

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 achieve the following purposes: Embezzlement, "collusive embezzlement"; tax evasion; political gains; tax incentives; competitive advantage; improving the quality of life; distracting the attention of public opinion on a particular issue; to reduce or avoid losses resulting from obsolescence or expiration of inventory (Saleh, 2020a). Also, CP can be defined as "a direct contribution by a corporation to a charity or cause, most often in the form of cash grants, donations and/or in-kind services" (Kotler & Lee, 2005). CP includes many different forms, such as cash contributions, donations of products and services, employee volunteerism, support for educational or cultural projects, and other business initiatives to advance a cause, issue, or the work of a non-profit organization. Comparable terms to CP include, among others, "corporate giving," "corporate charitable giving," and "corporate citizenship" (Szócs, 2024).

CP is an elusive concept, and alternative views on its understanding exist. For example, throughout the academic literature, the question arises of whether CP should include activities that are dependent on revenue-providing exchanges by customers. Such activities are known as cause-related marketing (CRM), which is characterized by an offer from the firm to contribute a specified donation to a designated cause for every product or service purchased by the consumer (Varadarajan & Menon, 1988; Szócs, 2024). This implies that CRM incorporates a charitable activity within an act of exchange, resulting in a shift of donations from the consumer to the beneficiary. Some academics argue that CRM is a form of CP with a commercial dimension (Campbell et al., 1999; Wymer, 2006; Szócs, 2024). Others distinguish CP from CRM, which they argue must stand on its own merits as its focus remains on commercial gains and favorable publicity rather than beneficial impacts on society (Porter & Kramer, 2002; Yang & Li, 2007; Szócs, 2024). It is worth noting that the altruistic view of CP (i.e., where the only motive to engage in social activities is the duty to do something good) indicates a clear discrepancy with the meaning of CRM. According to the altruistic view, CP should not be contingent on consumer purchases because the absence of direct commercial returns (i.e., non-reciprocity condition) is the cornerstone of philanthropy (Godfrey, 2005; Szócs, 2024). While different views of CP exist and the concept remains contested, the voluntary donation of corporate possessions to support organized efforts intended for defined helpful public purposes can be regarded as its common denominator (Szócs, 2024).

The beginnings of CP date back to the 19th century, when giving away corporate resources was seen in some nations as both immoral and illegal (e.g., in the USA) unless such an act provided a gain for the firm. During these times, firms supported causes (e.g., local schools and libraries) that would directly benefit their workers and indirectly aid the firm. Thus, most CP of this era was business-related, although exceptions (such as donations to orphanages) exist. The end of the 19th century, marked by increasing industrialization, urbanization, and recessions/depressions, put pressure on corporations to help alleviate the social problems of the era. As a result, CP became a major source of support for societies. Since then, the concept has gained considerable popularity, particularly in the second half of the 20th century. During this time, the debate has revolved around



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the agency vs. performance-enhancing perspective of CP (see Choi & Wang, 2007; Szócs,2024). Today, CP is viewed as a firm's care for the society that surrounds them and as an expression of their responsibility toward a broad range of stakeholders (Szócs,2024).

Corporate charitable donation is the unconditional provision of funds or materials by enterprises to the government or related organizations through non-reciprocal resources (Kang & Wang, 2018; Zhang,2021) and is also an important means for enterprises to fulfill their social responsibilities. It plays a significant role in reallocating social resources, regulating the gap between the rich and the poor, safeguarding human dignity and rights, alleviating social contradictions, enhancing social solidarity, and promoting social equity and justice (Guo, 2019; Zhang,2021).

The term "corporate donation" refers to any financial and non-financial contribution made by a corporation to another organization that furthers the goals of the donor and the recipient. Two major kinds of such donations deserve specific consideration: charitable as well as political donations. For this article and in keeping with the discussion topics, the researcher also defines the term "corporate donations" as follows: Corporate donations are voluntary financial and non-financial support provided by companies to achieve tangible and intangible benefits for societies as a whole or one of their segments, without objection from shareholders, as compensation for societies for the economic, social, healthy and environmental damages they may receive from those companies or as support for the communities in which they operate "with the aim of improving the quality of life and achieving well-being in those communities," which may contribute indirectly to enhancing the performance of those companies and directly to supporting governments in the field of infrastructure development and also in the field of fulfilling their duties towards their societies.

Institutional philanthropy in the United States is referred to by Powell et al. (2019) as essentially grantmaking foundations. The field of institutional philanthropy is believed to have been founded by George Peabody in 1867 (Parker, 2003; Robb, 1994; Reid et al., 2022). Several contemporaries followed his example of using great wealth for the benefit of society, and were arguably further catalyzed by Andrew Carnegie's 1889 "Gospel of Wealth" (Theroux, 2011; Reid et al., 2022).

The Legitimacy of Corporate Philanthropy. The question of whether businesses should all engage in philanthropy has long been the subject of heated debate. At first, with the emergence of the idea of joint stock companies, the charitable activities of companies were not welcomed by shareholders. In the 19th century, several court rulings rendered the use of corporate funds for charitable purposes effectively illegal. The owners of the Charles River Bridge v. owners of the Warren Bridge case (1837) prohibited the use of corporate assets for activities unrelated to the chartered aims of the corporation, which allowed stockholders to sue their companies for such "ultra vires" actions (e.g., the Davis et al. v. Old Colony Railroad Co. case [1881] and the Hutton v. West Cork Railway case [1883], cited in Sharfman 1994:243-244; see also Wren 1983) (Vaidyanathan,2008). Nonetheless, corporations attempted to justify making contributions to schools, libraries, YMCA facilities, etc., in cities where corporations operate as an employee recruitment strategy (Vaidyanathan,2008). During economic downturns toward the end of the nineteenth century, corporations increasingly began to contribute resources towards charitable aims, and were able to defend themselves against stockholders' ultra vires claims in court by arguing that these were legitimately business-related, since they directly benefited employees (the Steinway v. Steinway & Sons et al. case [1896] and the Main v. C.B.&Q. Railroad case [1899], both cited in Sharfman 1994:245). Debates, both in courts as well as in general discourse, about the legitimacy of such corporate giving continued into the twentieth century. These were additionally shaped by several conflicting forces:



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an anti-business sentiment in some contexts, which rejected corporate donations as being tainted or defiled (Bremner 1987:108, Gladden 1895:886, cited in Sharfman 1994:246); the prevalence of laissez-faire arguments claiming that it was immoral for companies to give away stockholders' money; increasing scrutiny of corporate activities by journalists as well as the federal government; and the proliferation of charitable organizations, which made it increasingly difficult for companies to ascertain criteria for donations or to choose between solicitors (Sharfman 1994:246-249). In addition, several court cases still continued to rule corporate philanthropic activities as ultra vires. A notable example is the case of *Dodge v. Ford Motor Co.* (1919), which set the precedent for the norm of shareholder profit maximization, with the ruling insisting that a "corporation is organized and carried on primarily for the profit of the stockholders," which rendered inexcusable "the non-distribution of profits among stockholders in order to devote them to other purposes" (*Dodge v. Ford Motor Co.* 1919:31, cited in Sasse and Trahan 2006:31; cf. Bainbridge 2003).

By the 1920s, however, both federal as well as state governments began to pass legislation to make it easier for corporations to donate money. In general, there was growing public sentiment in favor of CP. This is reflected, for example, in the words of the prominent business leader of the time, Cyrus McCormick (1931), who held fast to the belief that "every company or organization of men doing business in any community... is in duty bound to do something to help build that community, aside from the things required by the law or the things beneficial to itself" (Vaidyanathan, 2008). Nevertheless, legal legitimization of corporate philanthropy was not established until 1953, with the ruling of the U.S. Supreme Court in the case of *A. P. Smith Manufacturing Co. v. Barlow et al.* The ruling seemed to reflect a growing perception of the positive role of the business in society (see Sharfman 1994:255-256). This era saw the proliferation of several books emphasizing the "social responsibilities" of business (e.g., Bowen's [1953] *Social Responsibilities of the Businessman*; Eells's [1956] *Corporate Giving in a Free Society*; and Heald's [1957] *Management's Responsibility to Society*). This idea of "corporate social responsibility" became increasingly important, with several scholars attempting to clarify and explain the concept (see Carroll 1999 for an extensive review of the early literature on CSR) (Vaidyanathan, 2008).

Corporate Legitimacy. Legitimacy is recognized as the "generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Suchman, 1995). As every social institution operates in a community with an expressed premise or an implied social agreement (Chen & Cao, 2016), an organization's legitimacy depends on the perceived degree of conformity between its actions and societal expectations (Chen & Cao, 2016). In general, due to the divergence between corporate performance and societal expectations, gaps may arise between a corporation's legitimacy status and the expectations of external stakeholders (Sethi, 1979). It is critical for corporate managers to fill these gaps to avoid problems of legitimacy erosion (Chen & Cao, 2016). Philanthropy is an effective means of closing such gaps. The supply of "public goods" to communities allows firms to share the responsibilities of local governments and helps them to build close connections with the community. A public good is a commodity or service that every member of a society can use without reducing its availability to all others. Typically, a public good is provided by a government and funded through taxes. This can improve a firm's legitimacy by improving its corporate image, fulfilling its stakeholders' expectations, soliciting recognition for its moral leadership, compensating for its weak social performance in other areas, and maintaining its long-term competitiveness (Brønn & Vidaver-Cohen, 2009). In addition, building strong relationships with key stakeholders such as the local government and the community can also help a firm to gain approval from both the public



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(social legitimacy) and the government (political legitimacy), which eventually enables it to gain political access and other resources (Wang & Qian, 2011; Wang et al., 2018).

The influence of CP on firms' legitimacy has been reported in a large body of literature (Bronn & Vidaver-Cohen, 2009; Chen & Cao, 2016; Wang & Qian, 2011). In the tourism field, for example, Weeden (2015) found that cruise firms gained social legitimacy for their operations by providing financial support for local schools in Haiti. Polonsky et al. (2013) analysed the effects of the Turkish "Respect for History" project, designed to increase business opportunities and improve infrastructure in local communities. They found that the residents held more positive views on the company sponsoring the project after the completion of the project (Wang et al., 2018).

Employee Volunteering (Institutional volunteering). In addition to charitable contributions of money, an increasingly important form of corporate giving involves time and expertise, in the form of employee volunteering. Several companies have adopted employee volunteer programs (EVPs), in which companies sponsor employees to spend time volunteering, typically in partnership with local nonprofit organizations. The phenomenon, however, is relatively recent, and as de Gilder et al. (2005) note, there is very little available in terms of serious empirical research or theory on employee volunteering. While empirical research on employee volunteering programs (EVPs) is sparse, the available literature suggests several benefits of EVPs (Vaidyanathan, 2008).

What Might Be Hidden Behind Corporate Donations? Donations may be a stone for more than a bird, "more than a purpose." Many legitimate and illegitimate purposes can be concealed behind them. The purpose of the donation depends on the intentions of the donor. In general, donations can be a tool to achieve the following purposes: 1) Embellishing reputation to enhance competitive advantage. In competitive markets, companies use charitable activities as a tool to influence customers' behavior in order to gain their loyalty positively. 2) Embezzlement "collusive embezzlement". This illegal act can occur in the absence of effective internal and external control systems and procedures. 3) Tax evasion. It can be achieved through subsidies received by individuals, charities, and NPOs 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 (Nell, n.d.). Donations of the corporations may be one of the tools of economic crimes, such as tax evasion and smuggling of money, etc. 4) Political gains. Charitable contributions may be used to influence political decision-makers, consumers, or investors in a range of industries, which are politically and/or socially sensitive. Thus, firms that operate in industries with potentially significant environmental or social consequences may invest in charitable contributions to mitigate the impact of their externalities on consumers, voters, and investors and reduce the risk of regulatory interference (Berman et al., 1999; Brammer & Millington, 2004). The donation for political gains is an acquisition of the influence of the government and its administrative agencies, and using that influence to pressure the government to make decisions in favor of the donor corporations. Philanthropy may be a way for political businesspeople 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, empirical results implied that corporate charitable giving may be politically motivated. 5) Tax incentives. Tax incentives can have a major impact on charitable giving and the overarching culture of philanthropy within a nation. It is not simply a case of any tax relief being a financial incentive to those who donate, but providing a strong and coherent message that the Government recognizes the key role of charities and non-profits, encouraging the public and businesses to donate (EFA, 2018). Pre-tax deductions



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are the most common incentive model. Most countries encourage corporate donations by offering a tax incentive. All nations in Europe, except Sweden, encourage corporate donations by offering a tax incentive. It is also worth noting that there are some additional incentives that may be funded by the governments of some countries to encourage corporate donations (EFA,2018). In many countries, charitable contributions benefit from a favorable tax treatment that may take the form of a deduction from taxable income or 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 (Fack & Landais,2010)."Charitable giving by individuals and businesses is an important source of funding for nonprofit organizations. Various factors influence these charitable donations. For donors in the state of Michigan." Giving to nonprofits is often done for a variety of reasons, including helping others, supporting an organization or cause they believe in, and feeling it is a moral obligation to do so." While these factors vary for each individual or business, research indicates that tax implications influence the size of the donation. Donors receive economic benefits 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 the USA (Enders, n.d.). In developed countries, governments have recognized the importance of donations to charities or nonprofit organizations in solving many social problems and also encourage corporations 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 a 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 (Lyons & Passey,2006; McGregor-Lowndes et al, 2006). 6) Distracting the attention of the public opinion on a particular issue. Through charitable donations and using excessive media propaganda, some corporations 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 corporations" such as the tobacco and alcohol industry," or as a result of environmental damage caused by those corporations, to alleviate the anger of the public towards those corporations 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(Saleh,2020 a, b).7) Reducing or avoiding losses resulting from obsolescence or expiration of inventory. When the inventory (such as products, machinery, raw materials, etc.) expiration date is close to completion, or when the inventory is outdated due to the emergence of new models "as in clothes," corporations will try to get rid of it with the least amount of economic losses, by donating the stock and achieving tax savings (Saleh,2020 a, b).

Stakeholder Theory. Stakeholder theory is a view of capitalism that emphasizes the interconnected relationships between a business and its customers, suppliers, employees, investors, communities, and others who have a stake in the business organization. The theory argues that a firm should create value for all stakeholders, not just shareholders or owners. Stakeholder capitalism is a system in which corporations are oriented to serve the interests of all their stakeholders. Under this system, a company's purpose is to create long-term value and not to maximize profits and enhance shareholder value at the cost of other stakeholder groups. That is the core of stakeholder capitalism: it is a form of capitalism in which companies do not only optimize short-term profits for



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shareholders, but seek long-term value creation by taking into account the needs of all their stakeholders and society at large (World Economic Forum, 2021). Socially responsible activities practiced by a company mean dealing in an ethical and socially responsible manner with all stakeholders outside and within that company (Hopkins, 2014; Šain, 2021). Stakeholders are all those who have an impact on the business of a company, and also those who are affected by the business of a particular company (Freeman, 1984; Šain, 2021). "The Stakeholder theory suggests that as a social organization, a company should consider the effect of its every action and its CSR involvement must benefit the people, community, and society on a large scale" (Costa & Menichini, 2013; Šain, 2021). Margolis and Walsh (2003) distinguish between the internal and external application of CSR, i.e., external stakeholders (local community, environment, and consumers) are beneficiaries of external CSR activities, and employees are beneficiaries of internal CSR activities. Employees, consumers, and the community are considered vital stakeholders for the company because they are important for the business growth and long-term survival of the company and are also a central feature of all CSR Reports (Mahmud et al., 2021; Šain, 2021). Stakeholder theory has been variously described as "the new story of business" (Freeman, 2017), "essentially contested" (Miles, 2011), and "unbridled socialism" (Friedman, 1970; Haataja, 2020). Stakeholder theory has been variously described as a perspective, a set of ideas, expressions, and metaphors related to the overarching objective of maximizing stakeholder value. Companies must be aware that their operations are not only geared toward the interests of the companies alone but must give benefits to all the other existing stakeholders if they want to survive and continue in competitive environments (Zarefar & Sawarjuwono, 2021).

Consideration of stakeholder interests in the managerial decision-making process is described by Freeman (2009) to enable "better consequences for all stakeholders because it recognizes that stakeholder interests are joint. If one stakeholder pursues its interests at the expense of others, then the others with either withdraw their support or look to create another network of stakeholder value creation" (Haataja, 2020). Stakeholder theory implies that it can be beneficial for the firm to engage in certain CSR activities that non-financial stakeholders perceive to be important, because, absent this, these groups might withdraw their support for the firm (McWilliams et al., 2006). Stakeholder theory is often contrasted with the prevailing economic view of the firm, which is summarized under the label shareholder theory. This purportedly narrow perspective of the firm is characterized by the belief that corporations exist to create as much value as possible for shareholders (Sundaram & Inkpen, 2004; Haataja, 2020). The differences between the two perspectives are multifaceted. Stakeholder theorists view profitability as an important objective but do not consider the interest of shareholders to be more important than that of other stakeholders (Strand & Freeman, 2015; Haataja, 2020). The shareholder perspective is typically described as the position represented by Milton Friedman and can be summarized by his proposition that "the social responsibility of business is to increase its profits... without deception or fraud (1970)."

According to stakeholder theory, the company must contribute to creating value (benefit) - whether tangible or intangible - for all stakeholders. The value (benefit) that a company can create for shareholders is profit, while the benefits that employees can receive from their company, while they work, are varied and multiple. They may be tangible or intangible. For example, providing meals during working hours is a tangible benefit, while providing a suitable working environment, designated smoking areas, and a nursery for children are intangible benefits.

Creating Value for Stakeholders. Creating value means providing something that is valuable to a stakeholder and that cannot be found elsewhere. It can also mean providing a better service than



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what is available elsewhere, and it can even mean creating a product that no one else has. Creating value is the capacity to increase the value of something to fit into a particular expectation. For customers, value creation is offering products that meet and exceed customers' expectations. Value creation refers to giving out something of worth to receive something of higher worth. For example, if you are baking cakes to sell, you might make them more valuable by adding chocolate chips, which helps you make more sales. Businesses exist to make money and satisfy customers' needs, and they remain profitable by maintaining a high level of customer satisfaction. To earn money, they offer products and services that add value to their customers. By creating value for their customers, businesses increase the likelihood of them continuing to pay for their commodities or services they produce. In addition, if a company adds value without increasing the price of its product or service, it may attract new customers. For employees, most business organizations adopt many administrative and financial policies to create value for their employees. As is well known, adopting such policies indirectly contributes to improving the performance of those organizations. For example, providing free meals to workers during working hours contributes to achieving benefits for those workers. The benefits that workers gain from those meals are the intended meaning of the term "value creation." Those meals add value to those workers (achieve benefits for those workers). Therefore, the costs of creating value for stakeholders (except for shareholders) can be considered corporate social costs, provided that they do not result in direct economic gains for the benefit of companies (Saleh,2024).

Based on stakeholder theory, which explicitly calls for the necessity of creating value for all stakeholders, the researcher divided the desires of stakeholders into three types: 1) A legitimate desire, which is the desire of shareholders. The shareholders' desire to maximize profit is a legitimate desire that society does not oppose, but rather approves of. It is not a codified or uncoded desire. The benefit (value) that companies must create for them is profits, and any direct costs incurred by companies to maximize revenues cannot be considered social costs. 2) A codified desire, which is the desire of some segments of stakeholders or society as a whole, as one of the stakeholders (except for shareholders). It refers to the benefits that companies must involuntarily provide to certain segments of stakeholders or the value that companies must create for those segments based on the codified desire of those segments. The costs incurred by companies to achieve codified desires can be considered social costs. Note that these benefits are not compensated, meaning that companies will not receive any direct gains in exchange for providing these benefits other than enhancing their reputation and competitive advantage. 3) An uncoded desire, which is the desire of some segments of stakeholders or society as a whole, as one of the stakeholders (except for shareholders). It refers to the benefits that companies voluntarily provide to certain segments of stakeholders or the value that companies create for those segments based on the expectations of those segments. The costs incurred by companies to achieve codified desires can be considered social costs. Note that these benefits are not compensated, meaning that companies will not receive any direct gains in exchange for providing these benefits other than enhancing their reputation and competitive advantage (Saleh,2024).

Corporate Social Costs. Corporate donations are one of the most important types of social costs, characterized by the following characteristics: 1) They are provided by companies voluntarily without coercion. 2) Direct economic gains do not compensate them. 3) They are paid from the company's economic resources. 4) They reflect the concept of altruism. 5) They contribute to improving the quality of life of communities and enhancing their well-being. 6) They can contribute to improving the economic performance of companies (Saleh,2024). "



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Corporate Tax Responsibility. Tax payment is one of the most relevant areas of corporate engagement with society. Taxes fund the provision of public goods and services and contribute to reducing the unequal distribution of income and wealth resulting from a market-based economy (Avi-Yonah, 2006). However, the social functions of corporate taxation and the ethical issues of (not) paying taxes are rarely acknowledged by companies, which often approach tax as an operational cost to be minimized in the pursuit of profit maximization (Cooper & Nguyen, 2020; Ftouhi & Ghardallou, 2020). Therefore, in the past decades, corporate tax practices have attracted the ever-growing concern of policymakers, media, NGOs, and other social actors (ActionAid, 2011; Oxfam, 2017), who transformed this topic "from a narrow technical discussion for specialists to one that is overly ethical and social" (SustainAbility, 2006). Central to this process is the increasing pressure to frame and approach corporate taxation as a component of CSR (ActionAid, Christian Aid and Oxfam, 2015; European Parliament, 2013; GRI, 2019). Indeed, CSR is seen as a mechanism that, in combination with fundamental reforms of the international tax framework, can contribute to holding firms accountable for their corporate tax behaviour and, consequently, to achieving more responsible tax outcomes, where social needs and financial interests are balanced (Scarpa & Signori, 2023).

To pay a fair share of taxes. Socially responsible companies should pay a share of taxes that can be said to be "fair" in all the jurisdictions where they operate (Jallai, 2017; Munisami, 2018; De la Cuesta-Gonzalez & Pardo, 2019). Socially responsible companies should refrain from engaging in tax minimization strategies that result in the payment of ridiculous amounts of tax as compared to other taxpayers (De Colle & Bennett, 2014; Avi-Yonah, 2014b).

CSR is the make-up box of classical capitalism. CSR came to beautify the ugly face of classical capitalism. The idea of CSR emerged in the business world with the aim of mitigating the negative effects of hateful capitalism. CSR advocates the notion that enterprises should pay attention to the interests of other stakeholders in addition to the interests of shareholders. The government, as one of the most important stakeholders for companies, participates in the distribution of corporate profits through taxes. The government acts as an intermediary between businesses and society. It collects taxes and redistributes them to benefit society. For enterprises, although tax avoidance reduces their tax costs, increases their profits, and enhances their value, it hinders the government's ability to provide public services and has severe negative impacts on society. Therefore, it is considered socially irresponsible behavior (Hoi et al, 2013; Sun et al, 2023). Therefore, enterprises with social responsibility should pay taxes fairly and avoid tax evasion as much as possible. However, in reality, many enterprises engage in CSR activities, such as charitable donations, with great publicity, while they are also quietly carrying out radical tax avoidance. For example, Apple (Cupertino, CA, USA), Google (Mountain View, CA, USA), Amazon (Seattle, WA, USA), and other well-known international enterprises actively carry out offshore tax avoidance activities while fostering a good image of actively fulfilling corporate social responsibility (Col & Patel, 2019; Sun et al, 2023). This contradictory behavior has not only aroused widespread doubts from the media and the public but also attracted strong research interest among scholars (Sun et al, 2023).

At first sight, taxation and philanthropy have little in common. Whereas taxation is a coercive mechanism, through which states levy revenue and then reallocate it according to their policy objectives, philanthropy is a voluntary and altruistic way of redistributing private wealth. You have no choice but to pay taxes, whereas you have every right not to give anything to charity (Philanthropy Europe Association, 2022). Those seemingly irreconcilable differences between the domains diminish once you start looking deeper. In fact, the majority of states in the world



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encourage philanthropic actions with certain forms of subsidies, which are often in the form of taxes. For instance, donors can deduct their charitable gifts from their taxable income or receive similar tax relief in other forms of state subsidies. This inevitably raises multiple questions, which go far beyond the realm of law that puts such tax rules in place. Why should the state sponsor private philanthropy? Is such delegation of budgetary powers compatible with the principles of a democratic state? Are such tax measures efficient? Do they increase philanthropic giving? Could we really say that a gift is altruistic if it is motivated by (sometimes very scrupulous) tax planning? In this case, is it not the state that is being philanthropic, the philanthropists being egoistic? (Philanthropy Europe Association, 2022).

CP is a voluntary CSR behavior, while tax payment is a mandatory social responsibility imposed by law on corporations. It has been controversial in the existing literature whether CSR and tax payment act as complements or substitutes (Jin & Huang, 2021). Based on altruism theory, Lanis and Richardson (2012, 2015) and Hoi et al. (2013) suggested that CSR and tax payment are complementary (Jin & Huang, 2021). The logic behind this complementary relationship is that more corporate donations indicate a stronger sense of CSR. This sense of responsibility will also be reflected in their fulfillment of tax responsibility.

In contrast, Davis et al. (2016) and Col and Patel (2019) found a substituted relationship between CSR and tax payment means socially responsible firms are more likely to conduct tax avoidance activities (Jin & Huang, 2021). From the perspective of institutional rent-seeking, Li et al. (2016) also found that donated enterprises undertake less tax payment. The more corporate donations, the more tax avoidance. They describe this phenomenon as "Donation in exchange for Tax" (Jin & Huang, 2021).

Income tax is one of the main sources of funds used by the government to finance its activities aimed at providing public services to the public. Taxes are a part of the state government's revenues, and without them, the government cannot manage the state's affairs. Corporations must be committed to supply "pay" the value of taxes to the tax administration, tax authority." That commitment comes from the reality of the legal responsibility of corporations to the community and its institutions. Also, non-compliance with tax laws and tax evasion by corporations 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" (Avi-Yonah, 2014a; Svernlöv, 2016). On the contrary, in recent years, there have been calls for the development of tax laws on corporate income in many countries of the world. This calls for the need to change the Laws to conform to the strengthening requirements of the idea of the practice of CSR by corporations through the creation of a system of incentives to achieve tax justice among the corporations, and contribute to encouraging corporations to adopt the idea of social responsibility.

For example, the 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 (Lordemus, 2013). 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



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deducting the contributions of corporations and business people from the taxes imposed on them (Sudaress, 2013). 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. Among those reforms is considering in-kind donations as costs that must be deducted when determining taxable income. Those amendments were as incentives for donors (Ministry of Finance \ General Secretariat of Taxation, "Sultanate of Oman",2017).

METHODS

According to Michael Porter's roadmap (2003) for researchers, which incites researchers to the need to provide careful thinking, a clear rational framework, evidence and intellectual arguments when they participate in conducting research and studies in the field of corporate philanthropy and corporate social initiatives. Accordingly, and in accordance with Porter's advice, the researcher adopted the method of logical justification and rational argumentation in describing and identifying the distortions that the thought of CSR is exposed to due to the adoption of the policy of granting tax incentives to donor companies (By studying and analyzing the extent to which this policy is compatible with the content of CSR thought).

RESULT AND DISCUSSION

Based on the above literature review, the logical justifications that support the rejection of the policy of granting tax incentives to donor companies can be identified as follows:

CSR Disclosure. The policy of tax incentives in exchange for donations will help to hide the real sacrifice that companies incur to fulfill their charitable responsibilities, as well as the compulsory partnership with the government (Executive Authority). "Tax incentives implicitly reflect what is known as a mandatory partnership between the government (Executive Authority) and the donor company with regard to the financing of charitable activities. The tax saving gained by the donor company is the sacrifice incurred by the government (Executive Authority) as an incentive provided to that company to encourage it to continue its charitable activities, and it represents the decrease in the value of the tax revenue collected from that donor company" (Saleh,2021). The policy of granting tax incentives in exchange for donations contributes to achieving tax savings (economic savings) for the benefit of donor companies. As is well known, not all people in society are aware of the impact of tax incentives on income taxes and the real economic sacrifices that companies incur to fulfill their charitable responsibilities. Therefore, the donations announced in the media are inflated and do not reflect the true economic sacrifices made by companies. This policy is authorized by the legislative authorities and implemented by the executive authorities. Within the framework of the separation of powers in the state, the government (the executive authority) is considered a partner in the donations provided by companies, and this is what can be called a compulsory partnership. The amount of the reduction in government tax revenue due to this policy (the value of the tax savings gained by companies) can be considered the value of the government's contribution to the donations made by companies. Mostly, these matters are not disclosed in the financial statements or even in the media. Therefore, this policy may contribute to the provision of misleading information to the public, which is contrary to the concepts of corporate ethical responsibility.

Corporate Social Costs. The policy of tax incentives in exchange for donations conflicts with the concept of corporate social costs. In a previous study, the researcher defined the term "corporate social costs" (from an accounting perspective) as follows: Corporate Social Costs (CSCs) are the



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tangible and intangible sacrifices incurred by companies, voluntarily or involuntarily, which can be subject to accounting measurement and which reflect the companies' response to the codified and uncoded desires of all segments of stakeholders inside and outside the walls and buildings of those companies, except shareholders or owners, which are not compensated by direct economic gains but contribute indirectly to improving their economic performance, part of which reflects the concept of altruism, which result in achieving well-being and improving the quality of life for the beneficiaries of those sacrifices, and perhaps even future generations. CSCs are the economic sacrifices that companies incur to meet the requirements of their legal and ethical responsibilities (Saleh,2024). Based on the concept of corporate social costs, the researcher defines the term "corporate donations" as one of the most important types of social costs as follows: They are material and non-material subsidies, which can be measured by accounting, that companies provide voluntarily to non-profit organizations (charities, public sector institutions, etc.) or society as a whole or one of its segments to improve the quality of life and well-being of beneficiaries or to alleviate the suffering of those affected or to enhance the abilities of others to achieve their goals in life without expecting any direct economic gains from those subsidies. From the two previous definitions, it is clear that any expenditures incurred by companies to meet legal and ethical responsibilities can be considered social costs unless they are offset by direct economic gains (Saleh,2024). Therefore, corporate donations or part thereof cannot be considered social costs if they are offset by direct economic gains (tax savings) even though they contribute to the realization of social benefits for their beneficiaries. This problem is one of the problems caused by the policy of granting tax incentives in exchange for donations. It is known that the value of donations contributes to achieving a certain amount of intangible social benefits. Because of tax incentives, the real value of the economic sacrifices made by companies will be less than the value of charitable contributions declared to the public. Reducing the value of donations by the value of tax savings (to determine the correct social cost value) does not reflect the true value that contributes to achieving social benefits for their beneficiaries. Under this policy, corporate donations or part thereof cannot be described as social costs for two reasons: 1) The policy of tax incentives in exchange for donations contributes to direct economic gains for companies, which contradicts the concept of corporate social costs. The social costs are not offset by direct economic gains (tax savings). 2) The true value of corporate donations does not match the amount of social benefits generated by the value originally paid.

Social Contract Theory. The policy of tax incentives in exchange for donations conflicts with the social contract theory (what companies provide to their communities is compensation, not charity). The social contract theory is based on the principle of compensation. According to this theory, corporations should be morally obligated to provide compensation to the communities in which they operate for the economic (waste of economic resources and lost opportunity costs), environmental, health, and social damages that those communities receive due to the economic activities of those corporations. It is illogical to offer incentives in order to obtain compensation. Compensation should be paid from the rights of the owners and not from the rights of others, such as the government. The government (executive authority) is not responsible for paying compensation. Those responsible are the owners of those companies. In the field of CSR, it would be wrong to describe compensation as donations. It is illogical to describe the money that companies give to their communities as donations if those companies harm those communities, either economically or environmentally. The money that companies give to their communities, called donations in the business world, will lose its charitable character if those companies are harmful to their communities, such as wasting economic resources, polluting the natural environment,



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destroying the moral values of societies, creating noise pollution and traffic congestion. In fact, these funds are compensation for the damage that corporations cause to their communities, not donations. These funds can acquire charitable status if the donor companies do not pollute the environment, do not waste the community's economic resources, and do not It would therefore be illogical to grant tax incentives for compensation imposed by implicit social contracts. Not all companies are charitable. Many companies harm their communities, and therefore, their donations cannot be included in the list of charitable works.

Stakeholder Theory. The policy of tax incentives in exchange for donations conflicts with the stakeholder theory. Value creation for stakeholders is achieved through the company's economic resources and not at the expense of the rights of any segment of stakeholders. The policy of tax incentives in exchange for donations is not consistent with the stakeholder theory, as it creates value for one stakeholder group (society) by reducing value for another stakeholder group (government: the executive authority).

CSR Principles. The policy of tax incentives in exchange for donations conflicts with the idea of CSR, which calls for altruism (do not give with the right hand and take with the left). CSR has become one of the most important requirements of contemporary business management. The idea of CSR is based primarily on the need to take into account the interests of all stakeholders. CSR did not come to improve conditions in certain areas and destroy them in other areas. CSR does not mean improving the conditions of certain parties at the expense of other parties. Giving donations with the right hand and taking them back with the left hand can be interpreted as unethical behavior that is inconsistent with the principles of CSR (The principle of respecting the interests of the parties concerned and the principle of ethical behavior). The public looks at the value of the donation, not the value of the actual sacrifice that companies make. The benefits enjoyed by the beneficiaries of the donations will be attributed to the company only, without reference to the sacrifice of the government (the executive authority), which is represented by the decrease in the size of its tax revenues due to the tax incentives granted to donors.

Corporate Ethical Responsibility. The policy of tax incentives in exchange for donations conflicts with the concept of corporate ethical responsibility (Be ethical. Obligation to do what is right, and fair. Avoid harm). Businesses must commit to doing what is right, fair and just and doing no harm. Under the concept of separation of powers in the states, the legislative authorities are the ones who issue laws regarding granting tax incentives in exchange for donations. All parties must abide by these laws, including the executive authorities (the governments). The policy of tax incentives in exchange for donations contributes to reducing the government's tax revenue. According to the concept of corporate ethical responsibility, this policy is considered unfair and unjust to the government (the executive authority). It is not fair for the state's executive authority to bear part of the obligations of companies towards their communities. This policy contributes to achieving benefits for one of the stakeholders (the segment benefiting from the donation) and harms another party (the government or executive authority). Also, tax incentives in exchange for donations can encourage companies to engage in many deceptive behaviors to reduce their economic losses, as in the case of donating stagnant stock that cannot be marketed and materials that cannot be used in the future.

Reputation Management. There is no need for tax incentives; companies want a good reputation to support their competitiveness. Even without tax incentives, there are many reasons why companies may opt to involve themselves in charitable activities. There is some evidence, for instance, that it may help with reputation management (Kerner & Sumner, 2020; Sumner, 2022;



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McCarty & Sumner, 2024). In the modern era, especially in developed countries where markets are competitive, companies' commitment to their social responsibilities has become one of the most important requirements for survival and continuity in those environments. Those companies do not need tax incentives to fulfill their social responsibilities.

From the Legitimacy of Corporate Philanthropy to the Legitimacy of Corporations. In past centuries, charities were seen as illegitimate, but in modern times, they are used to enhance the legitimacy of corporations in the communities in which they operate. Therefore, there is no need for tax incentives. Businesses are compelled to engage in charitable activities to enhance their legitimacy within the communities in which they operate. To gain legitimacy (gain the satisfaction of society) to ensure continuity and survival, companies use charitable policy as a strategy to achieve this.

Taxes are not Costs, they are Rights. Taxes are not costs, but rather the rights of society to profit. Taxes are one of the important mechanisms for the fair distribution of profit (wealth) within society. The policy of granting tax incentives to donor companies contributes to reducing taxes and, therefore, is not consistent with the concept of corporate tax responsibility, which calls for the necessity of not reducing taxes. Corporate income taxes are a public right. This right must be paid in full and should not be used as a means to encourage companies to engage in charitable work.

In addition to the previous justifications for rejecting the policy of granting tax incentives in exchange for donations, which are related to the thought of CSR, the following two arguments can be added:

Collective Welfare. There is no need for tax incentives; they are forced to make donations to enhance their welfare. Collective welfare as a requirement for achieving individual welfare: The rich can achieve welfare for themselves, but that welfare is incomplete unless collective welfare is achieved. "A house can be a paradise, but the street can be a garbage dump. Therefore, the welfare of the rich is incomplete, as they live in a society and not in a house. Their welfare will be complete if they contribute to planting trees in the streets and cleaning them for the benefit of everyone, themselves and the rest of the members of society." Rich people who invest their money in companies to make profits and enhance their own welfare are obligated to support collective welfare, so there is no need to give them incentives to do so.

Tax Justice. Finally, the policy of granting tax incentives in exchange for donations may not achieve tax fairness among corporate donors. This can be explained in the following points: 1) It is known that corporate donations contribute to achieving various social benefits. Some of these benefits are temporary (do not last for a long time), while others last for a long time. Also, the number of beneficiaries of these benefits may be large or small. The beneficiary may be society as a whole or one of its segments. All types of donations made by companies are important for the development of society, but the evaluation of the quality of these donations depends on the nature of the benefits achieved by these donations and the number of beneficiaries. Therefore, how can tax justice be achieved for donor companies? In the absence of discrimination among the types of donations. Even if there is a distinction among the types of donations, this will affect the direction of donations within the community. Companies will focus on the areas that achieve the highest tax gains and ignore other areas that are no less important in the development of society. 2) Also, adopting a policy of granting tax incentives in exchange for donations contributes to destroying the principle of "achieving tax justice" among companies. This policy does not achieve tax justice between competitive companies and monopolistic companies, nor even between environmentally friendly companies and environmentally harmful companies. A company in a competitive market makes donations to improve its image and enhance its competitive advantage. Donations will contribute



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to enhancing its economic performance. A monopolistic company, on the other hand, would not need to use donations to improve its image and enhance its competitive advantage, as it is in a monopoly position. Donations will not contribute to enhancing its economic performance. 3) There may also be a problem with non-material donations, which may not be covered by this policy in some countries, in addition to the difficulty of estimating their value in some cases.

CONCLUSION

The policy of granting tax incentives in exchange for donations contributes to creating many problems in several areas, which can be stated as follows: 1) In the area of accounting disclosure of CSR: The tax savings that companies gain from the "policy of granting tax incentives in exchange for donations" are not disclosed when the donations are made to the beneficiaries, are not publicized in the media, and companies may not disclose them in their financial statements at the end of the fiscal year. Therefore, this policy can contribute to misleading the public about the true economic sacrifices that companies incur to fulfill their philanthropic responsibilities. This policy may, intentionally or unintentionally, contribute to the provision of misleading information to the public, which is inconsistent with the principle of comprehensive disclosure and standards of transparency and integrity. 2) In the area of CSR thought: The policy of granting tax incentives to donor companies contributes to distorting the idea of CSR. This policy does not agree with many components included in the theory of CSR, such as the definition of corporate social costs, the theory of the social contract, the theory of stakeholders, and the principles of CSR. 3) In the area of tax justice: This policy also does not contribute to achieving tax justice among companies. This article will enhance the intellectual capabilities of specialists in tax legislation. The expected benefit of this article: The logical justifications and rational arguments raised in this article can be a pressure tool towards developing tax treatment laws for corporate donations in many countries of the world, with the aim of protecting the idea of CSR from distortion.

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