

STEP 6

deciding how much to give

There is no legal limit to the amount that companies can donate. (Documentation requirements increase, however, beyond a certain amount of donation. See *Exemption from Donor's Tax* under *Step 7: Claiming Tax Benefits*.) In practice, companies often use the following in determining how much to give:

1. Percentage of income

Companies donate a percentage of their income that allows them to maximize tax benefits.

2. Past experience based on profitability targets

Companies donate such amounts that experience has shown are consistent with their financial targets.

3. Response to requests for donations

Companies can choose to contribute the amount the donee actually requests and needs, provided this falls within the company's discretionary budget and fiscal policies.