

Exemption



Exemption

Joseph made it a law over the land of Egypt unto this day, that Pharaoh should have the fifth part; except the land of priests only, which became not Pharaoh's

— *Old Testament*

The Rosetta Stone, . . . whose text in hieroglyphics, demotics [sic], and Greek was the key to revealing the stories of ancient Egypt, was in fact a grant of tax immunity. Which is why, of course, it was engraved in stone and not written on papyrus.

— Alvin Rabushka

I would suggest the taxation of all property equally whether church or corporation, exempting only the last resting place of the dead and possibly, with proper restrictions, church edifices.

— Ulysses S. Grant

Piety is no defense to the assessments of the tax collector.

— John Marvin Jones

Every tax exemption constitutes a subsidy. . . .

— William J. Brennan Jr.

Tax exemption is a privilege derived from legislative grace, not a constitutional right.

— Lapsley W. Hamblen Jr.

You have no authority to impose taxes, tribute, or duty on any of the priests . . . at this house of God.

— *Old Testament*

Churches have nothing to fear from tax reform and, like most people and institutions, would have much to gain from better economic conditions brought about by reform. Despite their dominant position in gifts, churches are not the leaders in fighting a tax reform that denies deductions. Instead, institutions serving the absolute economic and social elite — universities, symphonies, opera companies, ballets, and museums — are protesting the loudest. No compelling case has ever been made that these worthy undertakings should be financed by anyone but their customers. A glance at the crowd in any of them will tell you that it is perverse to tax the typical American to subsidize the elite institutions.

— Robert Hall and Alvin Rabushka

The pressures upon [Christians and Jews living in the Mideast during the spread of Islam] to convert came not from the “sword” as Christian polemicists used to maintain, but rather from the purse: Christians and Jews paid a special tax from which Muslims were exempt.

— Malise Ruthven

I invite you to embrace Islam. There are no taxes in Islam, but rather there is a limited Zakaat [alms] totaling 2.5 percent.

— Osama bin Laden

Fight those who do not believe in Allah . . . nor follow the religion of truth . . . until they pay the tax in acknowledgment of superiority and they are in a state of subjection.

— *Koran*

Take the case of my [son] Huzziya. I made him lord of Tappassanda. But he listened to the people there, saying, “If you give us tax exemptions, we will support you in a rebellion against your father.” So I deposed Huzziya.

— Hittite King Hattusili I
(c. 1640-1610 B.C.)

All Israel was “dismayed and terrified” [at Goliath’s challenge] and, not surprisingly, there were no volunteers until the young harpist and poet, David, stepped forward. Now why would he be that foolish? Because Saul promised that the man who slays Goliath will receive riches, the king’s daughter, *and exemption from all taxes!* “Riches” is a relative term that could mean anything, and we all know that most women were virtually chattel, a dime a dozen, in the Bible, *so it had to be the tax exemption that drove David to risk his life!*

— Conrad Rosenberg

Why should one who enjoys all the advantages of a society purchased at a heavy expense, and lives in affluence upon an income derived exclusively from interest on government stock, be exempted from taxation?

— John Marshall

It is very different for 90 per cent of the population to vote taxes on themselves and an exemption for 10 per cent, than for 90 per cent to vote punitive taxes on the other 10 per cent — which is in effect what has been done in the United States.

— Milton Friedman

[P]eople who don’t pay taxes aren’t worried about the tax burden.

— Karl Rove

The exemption of property from taxation is a question of policy and not of power.

— John McLean

Exemptions from the operation of a tax always create inequalities. Those not exempted must, in the end, bear an additional burden or pay more than their share.

— Stephen J. Field

When the Government grants exemptions or allows deductions all taxpayers are affected; the very fact of the exemption or deduction for the donor means that other taxpayers can be said to be indirect and vicarious “donors.”

— Warren E. Burger

I don't know of a single foreign product that enters this country untaxed, except the answer to prayer.

— Mark Twain

What it 't to us, if taxes rise or fall,
Thanks to our fortune, we pay none at all.
Let muckworms who in dirty acres deal,
Lament those hardships which we cannot feel,
His grace who smarts, may bellow if he please,
But must I bellow too, who sit at ease?
By custom safe, the poets' numbers flow,
Free as the light and air some years ago.
No statesman e'er will find it worth his pains
To tax our labours, and excise our brains.
Burthens like these with earthly buildings bear,
No tributes laid on castles in the air.

— Charles Churchill

Strong considerations of fiscal and social policy view tax exemptions with a hostile eye.

— Frank Murphy

[E]ven people such as Henry Ford — who objected to the very concept of a foundation and strongly believed that such an institution would ultimately pervert good, effective charity — found that for purposes of estate planning and control of their companies, tax policy left them no choice.

— Heather R. Higgins

The [19th century] period of unrestrained, rugged individualism was a period when the modern type of non-profit community hospital was first established and developed. It was the period of the Carnegie Libraries and their spread through the philanthropy of Andrew Carnegie. It was the period when so many colleges were founded throughout the country. It was the period of the founding of the Society for Prevention of Cruelty to Animals, and the spread of foreign missions. There was no income tax, no deductibility of contributions, so what people spent on charity came out of their pocket and not, as now, largely out of taxes they would otherwise pay. And yet, in every aspect of private charitable activity, it was a boom period.

— Milton Friedman

People hear “nonprofit” and they think “white hat public interest,” but all it really means is a tax designation. Most Washington nonprofits are either industry fronts or rely on industry money and good will.

— John Stauber

We take judicial notice of the fact that General Motors Corporation is not a non-profit corporation and that it does not consciously sell and buy trucks except for the purposes of making a profit.

— Irving Loeb Goldberg

The taxpayers of this country deserve a break, and the tax-exempt foundations and charitable trusts can give it to them by contributing their gross revenues to the Federal Government for the duration of the Vietnam War.

— Wright Patman

Who is it that takes up these ideas against the working man, the auto worker, and the businessman and the farmer? It’s usually some fellow from one of those multi-billion dollar tax-exempt foundations, that when the taxes are raised, they don’t pay any taxes because they were tax exempt.

— George Wallace

The real motive behind most private foundations is keeping control of wealth (even while the wealth itself is given away).

— *Business Week Magazine*

[T]he Internal Revenue Service has drafted fantastically intricate and detailed regulations in an attempt to thwart the fantastically intricate and detailed efforts of taxpayers to obtain private benefits from foundations while avoiding the imposition of taxes.

— D. Dortch Warriner

[T]ax laws intended to encourage charity have had the unintended effect of spawning a foundation priesthood funded into perpetuity and insulated from public accountability.

— *The Wall Street Journal*

[S]hould foundations be scrutinized? I think they should. After all, it's tax-free money.

— Elizabeth J. McCormack

Nonprofits, by definition, have no profit motive; profits cannot legally be distributed to a nonprofit's owners. Nonprofits have no private shareholders who bear the brunt of bad management and improper oversight. Indeed, the real shareholders are at least partly the public-at-large, who subsidize nonprofits through grants, tax exemptions, and revenues forgone on tax-deductible donations — in return for the public benefits provided by the organizations.

— Arthur C. Brooks

Whether the property of the United States shall be taxed under the laws of a State depends upon the will of its owner, the United States, and no State can tax the property of the United States without their consent.

— Horace Gray

Just what instrumentalities of either a state or the Federal government are exempt from taxation by the other cannot be stated in terms of universal application.

— Harlan F. Stone

The exemption from taxation of money or property devoted to charitable and other purposes is based upon the theory that the government is compensated for the loss of revenue by its relief from financial burden which would otherwise have to be met by appropriations from public funds, and by the benefits resulting from the promotion of the general welfare.

— House Ways and Means Committee

[T]ax exemption for public charities should be restricted to those areas where the quality or quantity of goods and services that would be produced strictly through market forces is inadequate.

— O. Donaldson Chapoton

It is easier to admire the motives for [a religious tax] exemption than to justify it by any sound argument.

— William Z. Stuart

The grant of a tax exemption is not sponsorship since the government does not transfer part of its revenue to churches but simply abstains from demanding that the church support the state. No one has ever suggested that tax-exemption has converted libraries, art galleries, or hospitals into arms of the state or put employees “on the public payroll.”

— Warren E. Burger

I think it is high time [worship of comedy troupe Monty] Python was recognized as a religion. People say it changed their lives. It seems to give people hope. They gather together in groups to chant mass quotes. We have all spent three days on a cross. And it would give us a very decent tax break [I]f Scientology can be rated a religion then Pythology ought to qualify under any decent tax system.

— Eric Idle

Many nonprofit groups strive for a just and humane life for the people they serve, yet at the same time have people on staff who are eligible for food stamps.

— John Pratt and Sondra Reis

Nonprofits are an artifice of the law, and what’s special about them is not that they do different things or that they are organized in a special way, it’s that they don’t pay taxes.

— Anonymous Libertarian

As I am working with small and medium businesses to lessen their tax burden, it is astonishing to me how often I see them having to compete with a tax-exempt entity doing basically the same work.

— Dean Zerbe

[G]overnment relieves from the tax burden religious, educational, and charitable activities because it wishes to encourage them as representing the highest and noblest achievements of mankind.

— Chauncey Belknap

Institutions which teach morality, respect for law, good health practices, and so forth, do much good for society, but they do not necessarily have any greater claim to a state property-tax exemption than do parents who teach their children such things.

— Joan E. O'Bannon

A grant of exemption is never to be considered as a mere gratuity — a simple gift from the legislature . . . A consideration is presumed to exist. The recipient of the exemption may be supposed to be doing part of the work which the state would otherwise be under obligations to do. A college, or an academy, furnishes education to the young, which it is a part of the state's duty to furnish.

— David J. Brewer

Donors who are only interested in the tax benefits of their gifts may give philanthropy a bad name, but their money still helps.

— Mark Litzler

As you journey through life . . . always try to give something back. . . . But be *sure* whatever you give back qualifies as a tax deduction.

— Chris Browne
("Hagar the Horrible")

A charity ball is like a dance except it's tax deductible.

— P.J. O'Rourke

Taxpayers who want to game the system and the charities that assist them will be called to account.

— Mark Everson

Most philanthropy is tax-motivated. The notion that charity wouldn't be hurt if you eliminated the death tax is absurd.

— William Zabel

Yes, Christians and Jews are supposed to be charitable, but we're supposed to be charitable as individuals [I]f government forces me to be charitable I'm not being charitable, I'm being coerced. There is no merit in heaven in paying your tax because you don't want to go to jail.

— Stephen J. Entin

A widespread foreign misconception is that Americans contribute because gifts are tax-deductible; in fact, the reverse is true; gifts are deductible *because* Americans contribute and because our government, which regards the charitable world as its partner, wants to encourage private charitable giving Every one of our nation's major universities, art museums, and hospitals was created before taxes were a factor in giving.

— Daniel Rose

The legislative reasons for granting immunity from taxes to . . . charitable institutions . . . prominent among which would doubtless be the fact, that the support and maintenance extended to the objects of the charity relieves the State from a burden which would involve a much larger amount of taxation than that which it waives by granting the exemption.

— Joseph P. Bradley

[B]usiness people on charity boards frequently approve decisions that ignore the very sense and insights they use in their own businesses.

— Randy Richardson

[Z]oning regulations very properly forbid nonprofit organizations, such as universities, to have shops in their buildings, on pain of losing their tax-exempt status. The result is that whole quarters come to consist of nothing but university buildings that, being deserted after hours, form a splendid rearing ground for crime.

— Charles Issawi

Big business never pays a nickel in taxes, according to Ralph Nader, who represents a big consumer organization that never pays a nickel in taxes.

— Dave Barry

I didn't see why the schoolmaster should be taxed to support the priest, and not the priest the schoolmaster.

— Henry David Thoreau

What knight errant ever paid a tax, a queen's levy, a tribute, a tariff, or a toll?

— Miguel De Cervantes
(*Don Quixote*)

Because Judaism sees *tzedaka* [charitable giving] as a form of self-taxation rather than as a voluntary donation, the Jewish community regards publicizing donors' gifts in the same spirit as the American practice of asking political candidates to release their tax returns. In both cases, public scrutiny causes people to act more justly.

— Joseph Telushkin

[The House Ways and Means] Committee intends that an individual need not necessarily accept reduced compensation merely because he or she renders services to a tax-exempt, as opposed to a taxable, organization.

— House Ways and Means Committee

The public appears uneasy about, if not hostile to, the increasing nonprofit commercialism. So far, charities have enjoyed a "halo effect" in our political economy. The rationalized myth of charities as selfless, donative, and volunteer-run deliverers of services to the poor has never entirely been true, but it underlies society's grant of tax exemption and tax deductibility for contributions. To the extent, however, that this quid depends on the idealized quo, should charity's core myth change — in a way that becomes visible to the public — society's willingness to alter the subsidies could also change.

— Evelyn Brody

Looking backward it is easy to see that the line between the taxable and the immune has been drawn by an unsteady hand.

— Robert H. Jackson

Like a photo-negative, the tax treatment of charities presents a reverse image of normal incentives. Nominally peripheral to the tax system, charities actually benefit from a tax structure that imposes high rates on their for-profit competitors and their donors. The greater the regular corporate tax burden, the greater the relative value of the charity's tax exemption. The higher the individual income-tax rates, the lower the price of giving to charity.

— Evelyn Brody

The tax-exempt privilege is a feature always reflected in the market price of bonds. The investor pays for it.

— Louis D. Brandeis

Those tax-exempt bonds were put in so that a town or a state or a government could sell more bonds than it ought to.

— Will Rogers

Another means of silently lessening the inequality of property is to exempt all from taxation below a certain point, and to tax the higher portions of property in geometrical progression as they rise.

— Thomas Jefferson

Unless . . . savings are exempted from income tax, the contributors are twice taxed on what they save, and only once on what they spend.

— John Stuart Mill

An asset will rise in value today if there is an increase in what people expect the asset to earn in the future. If the asset does in fact earn the higher expected income in the future, that higher income will be taxed when it is earned. To also tax the rise in the present value of that increased future after-tax income stream (the present-day capital gain) is to tax the future earnings twice.

— Stephen J. Entin

Trying to understand the various exempt organization provisions of the Internal Revenue Code is as difficult as capturing a drop of mercury under your thumb.

— Stephen J. Swift

Why you don't marry that girl? She lives in Monte Carlo and you can live tax free.

— Richard M. Nixon

Old MacDonald had an agricultural real estate tax abatement.

— Anonymous