RESEARCH ARTICLE
published:31 July 2026
doi: 10.21070/jas.v10i2.2054

Rejecting the Policy of Granting Tax Incentives to Donor Companies: Compelling Justifications

Younis A. Battal Saleh [1]*.

[1] *Public Accountant, Expert Accountant and Consultant for Court of Appeal in Benghazi-Libya. Lecturer and Researcher in Training Department in HRM of General Electricity Company of Libya "GECOL" - Benghazi Plain.*

General Background: Corporate social responsibility (CSR) is widely understood as a firm's ethical commitment to society that extends beyond the pursuit of profit. **Specific Background:** In many countries, however, tax incentive policies for corporate donors may reshape this understanding by linking socially oriented activities to fiscal benefits. **Knowledge Gap:** Although the intersection between tax policy and CSR has become increasingly important, prior studies have not adequately clarified how such incentives may conceptually distort the meaning of CSR. **Objective:** This article therefore seeks to explain the forms of distortion generated by policies that provide tax incentives to corporate donors. **Methods:** To do so, the study applies logical justification and rational argumentation to evaluate whether these policies are consistent with the substantive principles of CSR. **Results:** The analysis indicates that tax incentive policies can distort CSR by encouraging firms to prioritize financial advantage over ethical commitment and by weakening the normative basis of social responsibility. This distortion is also shown to be inconsistent with the concepts of corporate social costs, stakeholder theory, corporate social contract theory, and tax justice. **Novelty:** Accordingly, this article offers a critical perspective on the relationship between tax policy and CSR, an issue that remains insufficiently explored in the literature. **Implications:** The findings contribute to CSR and tax scholarship and provide conceptual considerations that may inform reforms in the tax treatment of corporate donations to prevent further erosion of CSR principles.

Keywords: Corporate Philanthropy, Corporate Social Responsibility, Tax Treatments, Tax Incentives, Tax Justice.

OPEN ACCESS
ISSN 2548-3501 (online)
**Correspondence:*
Younis A. Battal Saleh
battalsaleh@yahoo.com

Received: 27 November 2025
Accepted: 20 April 2026
Published: 31 July 2026
Citation:
Saleh (2026) ***Rejecting the Policy of Granting Tax Incentives to Donor Companies: Compelling Justifications***

INTRODUCTION

Taxation policies are considered one of the most important components of fiscal policy in any country (Gilarso, 2004: Vanco *et al*., 2024). Tax policies are adopted by governing authorities to achieve several goals, including improving revenues, motivating taxpayers (improving compliance), and also encouraging taxpayers to fulfill their obligations towards their communities in which they live or work (tax incentives for charitable work). Tax policies have been used as a means of influencing the decisions and behavior of taxpayers, both in the area of tax payment and other economic and social activities.

Tax policies have been influenced by the thought of CSR. In many countries, tax policies have responded to the thought of CSR. Tax policies have been used to enable companies to fulfill their social responsibilities towards their communities, especially in the charitable and humanitarian fields. Governments in most countries around the world have used tax policies as a means of encouraging companies to continue their charitable activities in the communities where they operate. This encouragement is reflected in the tax treatments of corporate donations that involve reductions in the value of taxes to be paid.

The most common tax treatment of corporate donations is to reduce the value of taxable income by the value of the donations or part thereof (before calculating the income tax value, the value of taxable income is reduced by the value of donations or part thereof). This treatment reflects "the policy of giving tax incentives in exchange for donations". The policy of granting tax incentives to donor companies- which is adopted by three-quarters of the world's countries (Quick *et al*., 2014; Asatryan & Joulfaian,2022), contributes to distorting the idea of CSR. This fact may be ignored by many legislative bodies in many countries of the world, especially developing ones. This fact can only be realized by specialists in the field of CSR. The distortions that this policy creates in the thought of CSR can only be deduced by evaluating the extent to which this policy is consistent with the content of the thought of CSR. Distortions can be identified by examining the impact of this policy on CSR disclosure, social contract theory, corporate social costs, CSR principles, and stakeholder theory. This policy also does not achieve tax justice among companies. The adoption of this policy in many countries around the world, including developed and rich countries, may imply that some legislative bodies in some of those countries do not realize the negative impact of this policy on the thought of CSR (distorting the thought of CSR). A quarter of the world's countries do not adopt a policy of granting tax incentives to donor companies, and the reason may be related to the tax revenues of the governments of those countries or to prevent unethical actions associated with donation activities in those countries. There is no information available as to whether one of the reasons for rejecting this policy is the distortions it causes to the 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.

Purpose of the Research Article

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.

Importance of the Research Article

CSR theory is modern compared to other theories in business. It is still under development and it is still too early to address all the issues related to this theory. 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. No previous study has provided a critical evaluation of the intersection of tax policy with 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.

Given the scarcity of writings in the field of intersection of tax policies with the thought of CSR, which can be used to enrich the discussion in this article, this section is dedicated to discussing the axes through which the policy of granting tax incentives to granting companies will be evaluated such as corporate social contract, corporate legitimacy, stakeholder theory, corporate social costs, etc. in preparation for the subsequent discussion.

Corporate Philanthropic Responsibility

The altruistic initiatives provided by owners to the poor 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 common people, there is still confusion between the concepts of corporate philanthropy and CSR. The fact that those people do not know is that " the first is considered one of the components of the second." Humanitarian initiatives were the starting point in the development of the theory of CSR. In fact, development was not limited to the thought of CSR, but also included the concept of philanthropy - as one of its components- to transform from a mere random practice into an effective strategy.

Philanthropic responsibility is just one aspect of CSR. It is one of the components of CSR. Charitable responsibility is often viewed as the highest level of "CSR" pyramid that begins with corporate economic responsibility and ends with corporate philanthropic responsibility. It involves going above and beyond what is legally required as a business, meanwhile making a voluntary contribution to community. In fact, there are no mandatory guidelines for engaging in charitable responsibility, it is entirely up to the corporation. However, corporate philanthropic responsibility cannot be viewed in isolation from the other components of CSR. For instances, a business cannot be considered philanthropic if it is engaging in environmentally harmful practices or exploiting its workers.

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 notion of a corporate social contract suggests a reciprocal relationship between business organizations and society. On the one hand, companies are understood to accept, whether formally or informally, a reduction in part of their economic gains as a response to the negative external effects generated by their operations. On the other hand, society is also viewed as having granted, either directly or indirectly, access to its economic resources so that firms may operate, with the expectation that such access will be balanced by appropriate forms of compensation. Within this framework, corporate social responsibility represents the most basic expression of that social contract (Ibanga, 2018). CSR is the true response to the idea of the social contract. The social contract philosophy is a reasonable argument to justify corporate charitable 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 or as compensation to communities for their contribution to generating profits for those companies (without communities there would be no profits. The community is the key player in generating profits. The community is an implicit partner in the profits). 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 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 specific and not precisely described; some academics (Carroll, 1991) view CP as an integral part of CSR, while others (Dowling & Pfeffer 1975; Chen *et al*., 2008; Szöcs *et al*., 2016) see it as an independent tool for gaining 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). Despite growing expectations for corporate philanthropic activities, they are generally described as entirely voluntary (Hemingway & Maclagan 2004; (Szöcs *et al*., 2016), and decisions regarding CP are often at senior 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 company'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 & Bhattacharya, 2001) indicate that implementing CSR activities often have a positive impact on customers' perceptions of the corporation (Szöcs *et al*., 2016). Such activities indicate a business's responsiveness to the needs and ambitions of the community 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 remonstrances from customers and other stakeholders (Szöcs *et al*., 2016). (Brown & Dacin, 1997) found that " undesirable CSR associations ultimately can have an adverse 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 and hostile perceptions towards the firm. Further, (Sheikh & Beise-Zee, 2011) state that customers holding a negative cause affinity may refuse to deal with the firm. These findings indicate a need to analyze stakeholders' reactions to CP in greater depth (Szöcs *et al*., 2016).

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

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

Philanthropy is a term associated with the American tradition of altruistic giving and humanitarian initiatives. At first, it was associated with a person- philanthropist or someone who does good for others, but today the term corporate philanthropy (CP) has become more sophisticated, meaning voluntary altruistic donations to the business sector. (Mihaljević & Tokić, 2015). The origin of the word "philanthropy" comes from the Greek word which means love of humanity. Common interpretations today refer to private initiatives for the public good (J. W. Gardner) or initiatives aimed at improving and developing the quality of human life (Robert Bremner). Colloquially, philanthropy is most commonly used interchangeably with charitable giving and also altruistic giving. – WINGS (John *et al*, 2017).

CP is the process by which companies donate a portion of their profits or assets to non-profit organizations that do not receive any sustenance from governments (Madrakhimova, 2013). This definition may be consistent with the laws in some nations that only allow corporations to make donations to non-profit organizations to prevent unethical behaviors such as fraud and deception. Those laws restrict the freedom of companies, as they do not allow companies to donate directly to the poor, 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 nation so necessitate, where the common good so requires. Here, nonprofit organizations will play the role of mediator between businesses and community. Another definition is: The use of discretionary financial and human resources for primarily public benefit, while recognizing that impact may also extend to the corporation's shareholders and workers (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, the poor and the needy, or for the public good to improve the quality of human life in the society (Saleh, 2020a). CP may result in benefits for businesses such as exemptions and tax incentives, in addition to strengthening the competitive advantage. Businesses are increasingly interested in their charitable responsibility, especially in developed nations, where several studies and research have shown that corporate charitable giving has been on the rise in recent years. For example, a study on corporate contributions in the United States in 2005 has shown that 62 of the largest corporations in the U.S. donated $8.4 billion last year, a 14% increase over 2004. Also, 87% of the corporations surveyed indicated that they have an employee volunteer program, with 44% of them offering paid time off to employees who work as volunteers (Man, 2006; Perry, 2006). The global survey of CSR spending over the period 2011 – 2013 conducted by (Dattani *et al*., 2015) revealed that the top 10 most generous corporations worldwide provided US$ 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). Contributions may be a bullet for more than a sparrow "more than one goal. "They may hide behind them many undesirable behaviors, in addition to legitimate purposes. The purpose of the giving depends on the intentions of the giver. Generally, contributions can be a means to achieve the following goals: 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 company to a charity or cause, most often in the form of cash and non-cash support, including 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" (Szőcs, 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; Szőcs, 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; Szőcs, 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; Szőcs, 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; Szőcs, 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 (Szőcs, 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 the agency vs. performance-enhancing perspective of CP (Choi & Wang, 2007; Szőcs, 2024). Today, CP is viewed as a firms' care for the society that surrounds them and as an expression of their responsibility toward a broad range of stakeholders (Szőcs, 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 donation made by a company to another non-governmental organization that furthers the objectives of the giver and the recipient. Two major types of such donations deserve specific consideration, charitable as well as political donations. For the purposes of 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). His example of using great wealth for the benefit of society was followed by several contemporaries and was 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 at 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 described the use of corporate economic resources 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 resources for actions unrelated to the chartered goals of the corporation, which allowed stockholders to sue their corporations for such "ultra vires" activities (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) (Vaidyanathan, 2008). However, corporations attempted to justify making aids to schools, libraries, YMCA facilities, etc. in towns where companies operate as a strategic policy to attract outstanding employees and improve performance (Vaidyanathan, 2008). During the economic recession of the late 19th century, corporations increasingly began to contribute their economic resources towards philanthropic and humanitarian causes, and were able to defend themselves against stockholders' ultra vires claims in court by arguing that contributions were legitimately business-related, since they directly benefited workforces (the Steinway v. Steinway & Sons *et al*., case [1896] and the Main v. C.B.&Q. Railroad case [1899], both cited in (Sharfman, 1994). Debates, both in legal courts and in general discourse, about the legality of such institutional contributions continued on into the twentieth century. These debates were also influenced by the opinions of several conflicting forces: an anti-business sentiment in some contexts, which rejected corporate contributions as being polluted or defiled actions (Bremner, 1987; Gladden, 1895 cited in (Sharfman, 1994) the prevalence of laissez-faire arguments claiming that it was unethical for businesses to donate stockholders' money; increasing scrutiny of corporate activities by journalists working in newspapers as well as the federal authorities; and the proliferation of charities and NGOs, which made it increasingly difficult for businesses to determine criteria for donations and assistances or to choose among those most in need of support and assistance (Sharfman, 1994). In addition, numerous court cases still continued to rule corporate philanthropic activities as ultra vires (exceeding reasonable limits). A prominent 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" (Sasse & Trahan 2006; cf. Bainbridge 2003). By the 1920s, however, both federal and state governments began to pass legislation and laws to make it easier for corporations to donate money and services. Broadly speaking, there appeared to be growing public sentiment in favor of CP. This is reflected, for example, in the words of one of the most prominent business leaders of the time, (McCormick, 1931), one of those who believed that " Every firm or organization of men who carry on business in any society … is obligated to do something to help build that community, regardless of what is required by the law and legislation or the things beneficial to itself" (Vaidyanathan, 2008). However, the legality or legitimacy 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 appeared to reflect a growing recognition of the positive role the corporate sector plays in society (Sharfman, 1994). This period 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 responsibilities" became increasingly important, with several academics attempting to clarify and explain the notion (Carroll, 1999) for an extensive review of the early literature on CSR) (Vaidyanathan, 2008).

Corporate Legitimacy

Legitimacy is recognized as the "clear and generalized perception or assumption that an entity's actions, activities, and behaviors are desirable, right or appropriate within a social system based on 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 (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).

What Might Be Hidden Behind Corporate Donations?

Donations may be a bullet for more than a sparrow "more than a purpose." Many legitimate and illegitimate goals can be hidden behind them. The purpose of the donation depends on the intentions of the donor company. In general, contributions can serve as a tool to achieve several objectives, including enhancing corporate reputation and competitive advantage, facilitating collusive embezzlement, and enabling tax evasion. In competitive markets, companies may use charitable activities to positively influence customer behavior and strengthen loyalty. However, in the absence of effective internal and external control systems and procedures, contributions may also be misused for illegal activities such as collusive embezzlement. In addition, tax evasion may occur through false declarations of philanthropic donations involving individuals, charities, or non-profit organizations. Taxpayers in many developed nations can deduct charitable giving to charitable organizations 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, 1991). Corporate donations may be one of the tools of economic crimes such as tax evasion and smuggling of money, etc. 4) Political gains. Philanthropic donations may be used to influence political decision-makers, consumers, or investors in a range of industries, which are politically and/or socially sensitive. Thus, companies that work in industries with potentially significant environmental or social consequences may invest in charitable donations to mitigate the impact of their negative 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 businessmen 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*., 2021) in their study in 2021 in the USA, empirical results implied that corporate charitable giving may be politically motivated. 5) Tax incentives. Tax incentives can have a significant impact on philanthropic giving and the overarching culture of philanthropy within a country. Not only does any tax exemption provide a financial incentive for donors, it also sends a strong, consistent and coherent message that the government recognizes the important role of charities and nonprofit organizations, encouraging the public and businesses to donate (EFA, 2018). Pre-tax deductions 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 around the world, donors benefit from a favorable tax treatment that may take the form of a deduction from taxable income or a tax credit. More recently, these tax incentives have been further promoted by the governments of many European countries, as a means to increase private funding for areas such as education, research, and culture (Fack & Landais,2010)."Philanthropic giving by persons and corporations is an important source of funding for nonprofit organizations. These philanthropic donations are influenced by various factors. 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 an ethical obligation to do so." While these motives vary for each person or company, research indicates that tax implications influence the size of the giving. Donors receive economic benefits as a result of reducing the amount of taxes paid. The motivation to reduce taxes by donating to a nonprofit organization is known in economic terms as a tax incentive. Tax incentives commonly take the form of tax deductions or tax credits, particularly in countries such as the United States (Enders, 2020). In many developed economies, governments have long acknowledged that donations to charities and nonprofit organizations can contribute to addressing a wide range of social problems. For this reason, tax systems in these countries have been refined to encourage firms to sustain philanthropic and socially oriented activities. By contrast, in many developing countries, demands for reform remain strong because existing tax regulations are often seen as insufficiently supportive of charitable giving. Countries such as the United Kingdom, the United States, Canada, and Australia have, since the early development of their income tax systems, allowed either deductions or tax credits for donations made to organizations serving public purposes. Over the past decade, these countries have also promoted philanthropy through broader policy instruments, including strengthening nonprofit fundraising capacity, conducting public awareness campaigns, and offering fiscal incentives (Lyons & Passey, 2006; McGregor-Lowndes *et al*., 2006).

Another motivation behind corporate donations is the attempt to shift public attention away from controversial issues. Through charitable contributions accompanied by intensive media exposure, some companies seek to soften negative public reactions to scandals, unethical conduct, harmful products, or environmental damage associated with their operations. In such cases, philanthropy may be used strategically to portray the company as a responsible corporate citizen and to suggest that its social contributions outweigh the harm it has caused (Saleh, 2020a; Saleh 2020b).

Corporate donations may also serve as a mechanism to reduce or avoid financial losses arising from obsolete or near-expiry inventory. When goods such as products, machinery, or raw materials approach the end of their usable life, or when they lose market value because newer models have emerged, firms may donate these items as a way to minimize economic losses while simultaneously obtaining tax benefits (Saleh, 2020a; Saleh 2020b).

Stakeholder Theory

Stakeholder theory represents a contemporary view of capitalism that places emphasis on the interdependence between a firm and the various parties connected to its operations, including customers, suppliers, employees, investors, communities, and other relevant groups. This perspective holds that the purpose of the firm is not limited to generating returns for shareholders alone, but also to produce both tangible and intangible value for all stakeholders. In this sense, stakeholder capitalism refers to a business system in which corporate decision-making is oriented toward the interests of a broad range of stakeholders. Its central objective is the creation of sustainable long-term value, rather than the pursuit of short-term profit maximization at the expense of non-shareholder groups. As noted by the World Economic Forum, this approach to capitalism requires companies to improve long-term outcomes by considering the needs of stakeholders as well as wider society (World Economic Forum, 2021).

Within this framework, socially responsible business conduct involves engaging with internal and external stakeholders in an ethical and socially accountable manner (Hopkins, 2014; Šain, 2021). Stakeholders include not only parties capable of influencing the firm, but also those affected by corporate activities (Freeman, 1984; Šain, 2021). From this standpoint, a corporation, as a social institution, is expected to evaluate the consequences of its actions and ensure that its CSR initiatives generate benefits for local communities, particular social groups, and society more broadly (Costa & Menichini, 2013; Šain, 2021). In line with this distinction, CSR may be directed externally or internally. External CSR mainly concerns beneficiaries such as communities, governments, the environment, charities, and consumers, whereas internal CSR primarily relates to employees (Margolis & Walsh, 2003).

Several stakeholder groups occupy a particularly important position in corporate sustainability. Employees, consumers, and society at large are often regarded as essential because they directly influence corporate growth, legitimacy, and long-term survival, while also constituting major audiences for corporate social performance disclosure (Mahmud *et al*., 2021; Šain, 2021). For this reason, stakeholder theory has been interpreted in different ways, ranging from a progressive redefinition of business to a contested and even controversial challenge to conventional economic thought (Freeman, 2017; Miles, 2011; Friedman, 1970; Haataja, 2020). Despite these differing characterizations, the theory broadly conveys that firms cannot focus exclusively on their own interests if they wish to remain viable in competitive markets. Rather, they must generate benefits for the wider network of stakeholders on whom they depend (Zarefar & Sawarjuwono, 2021).

Freeman further argues that incorporating stakeholder interests into managerial decisions leads to fairer outcomes because stakeholder relationships are interconnected rather than isolated (Freeman, 2009). When one group attempts to secure its interests by disadvantaging others, those harmed stakeholders may withdraw their support or seek alternative relationships that better serve their interests (Haataja, 2020). For example, if a firm suppresses employee compensation solely to enhance shareholder returns, workers may respond by leaving the organization for better opportunities elsewhere. In this regard, stakeholder theory suggests that CSR can serve as a strategic response to the expectations of non-financial stakeholders; failure to address issues that matter to these groups may reduce their willingness to support the firm (McWilliams *et al*., 2006).

This perspective is often contrasted with shareholder theory, which views the firm primarily as an instrument for maximizing owner value (Sundaram & Inkpen, 2004; Haataja, 2020). Although stakeholder theory does not reject profitability as a legitimate corporate objective, it does not elevate shareholder interests above all others (Strand & Freeman, 2015; Haataja, 2020). By contrast, the shareholder view, commonly associated with Friedman, maintains that the social responsibility of business is fundamentally to increase returns, provided this is done without deception or fraud (Friedman, 1970).

Accordingly, stakeholder theory implies that the firm should create multiple forms of benefit for all stakeholders. For shareholders, this benefit is primarily economic in the form of profit. For employees, however, the benefits offered by the company may extend beyond monetary compensation and include both material and non-material forms. Material benefits may include facilities such as meals during working hours, while non-material benefits may involve a supportive work environment and employee-oriented amenities.

Creating Value for Stakeholders

Value creation refers to a firm's capacity to provide benefits to stakeholders in ways that are distinctive, superior, or more relevant than available alternatives. In practice, value may be created by offering products or services that are unique, by improving the quality of existing offerings, or by aligning them more closely with stakeholder expectations. In the context of customers, value creation involves delivering goods and services that not only satisfy but also exceed their needs and preferences. This process allows firms to strengthen customer loyalty, sustain demand, and improve their prospects for continued profitability. Moreover, when companies enhance the benefits embedded in their products or services without increasing prices, they may also expand their customer base by attracting new buyers.

For employees, value creation is often manifested through managerial, administrative, and financial policies intended to improve their welfare. Although such policies are directed toward employees, they may also indirectly enhance organizational performance and profitability. For instance, providing free meals during working hours constitutes a form of benefit received by employees; in this sense, the added welfare generated by such facilities represents value creation. Accordingly, expenditures incurred to generate value for stakeholders other than shareholders may be interpreted as social costs, particularly when those expenditures do not produce immediate and direct economic returns for the firm (Saleh, 2024).

Building on stakeholder theory, which emphasizes the obligation of firms to create value for all stakeholders, (Saleh, 2024) classifies stakeholder demands into three categories. The first is legitimate desire, which refers to shareholders' expectation of profit maximization. This interest is regarded as socially acceptable and broadly recognized as an inherent objective of the firm. Consequently, the value created for shareholders takes the form of profits, and expenditures directly associated with increasing revenues should not be categorized as social costs.

The second category is codified desire, which refers to benefits that firms are required to provide to certain stakeholder groups, or to society more broadly, on the basis of formalized obligations. These obligations may arise from rules, laws, or other binding expectations that compel firms to deliver value beyond shareholder interests. Because such benefits are provided without direct compensation, the associated expenditures may be treated as social costs. Although firms may not obtain immediate economic returns from fulfilling these obligations, they may still benefit indirectly through improvements in reputation and competitive position.

The third category is uncodified desire, which refers to benefits voluntarily provided by firms in response to the expectations of particular stakeholder groups or society at large. Unlike codified desire, these expectations are not formally mandated, yet firms may still choose to address them as part of their broader social responsibility. Similar to codified desire, the costs incurred in meeting these expectations can also be regarded as social costs, since the firm does not receive direct financial compensation in return, aside from potential reputational and strategic advantages (Saleh, 2024).

Corporate Social Costs

Corporate donations are among the most important forms of social costs. They are provided voluntarily by companies without coercion, are not associated with direct economic compensation, and are financed from the company's economic resources. These donations reflect the principle of altruism, contribute to improving the quality of life and well-being of communities, and may also enhance companies' economic performance (Saleh, 2024).

Corporate Tax Responsibility

Corporate taxation constitutes one of the most important dimensions of a company's relationship with the society in which it operates. Tax revenue plays a central role in financing public goods and services and in mitigating inequalities in income and wealth that arise within market economies (Avi-Yonah, 2006). Despite this broader social function, corporations often treat taxation primarily as a cost of doing business that should be reduced in order to maximize earnings, while paying insufficient attention to its ethical and social implications (Cooper & Nguyen, 2020; Ftouhi & Ghardallou, 2020). As a result, corporate tax practices have increasingly become the subject of scrutiny from policymakers, the media, non-governmental organizations, and other social actors, shifting the issue from a narrowly technical matter into one with strong ethical and societal significance (ActionAid, 2011; Oxfam, 2017; SustainAbility, 2006). In response to this shift, there has been growing pressure to position corporate taxation within the broader framework of corporate social responsibility (ActionAid *et al.*, 2015; European Parliament, 2013; GRI, 2019). From this perspective, CSR, together with deeper reforms in the international tax system, is viewed as a mechanism for enhancing corporate accountability in tax matters and for promoting tax outcomes that balance financial objectives with broader social interests (Scarpa & Signori, 2023).

From a CSR standpoint, corporations are expected to contribute a fair amount of tax in every jurisdiction in which they conduct business (Jallai, 2017; Munisami, 2018; De la Cuesta-Gonzalez & Pardo, 2019). This expectation implies that socially responsible firms should refrain from aggressive tax minimization practices that enable them to pay disproportionately low taxes relative to other taxpayers (De Colle & Bennett, 2014; Avi-Yonah, 2014b). In this sense, tax behavior is not merely a legal or financial issue, but also a reflection of corporate responsibility toward the state and society.

CSR has also been interpreted critically as an attempt to soften the harsher image of conventional capitalism by presenting business as attentive to interests beyond those of shareholders alone. Within this broader stakeholder view, government occupies a key position because it participates in the redistribution of corporate profits through taxation and functions as an intermediary between firms and society. Although tax avoidance may reduce tax expenses, increase corporate returns, and enhance firm value, it simultaneously weakens the state's capacity to provide public services and may generate substantial harm for the wider community. For that reason, tax avoidance is often regarded as socially irresponsible conduct (Hoi *et al.*, 2013; Sun *et al.*, 2023). Ideally, therefore, organizations committed to CSR should pay taxes fairly and avoid practices aimed at evading or excessively reducing tax obligations.

However, empirical reality often reveals a contradiction between external CSR activities and tax behavior. Many corporations actively promote charitable initiatives through extensive publicity while simultaneously engaging in aggressive tax avoidance behind the scenes. Well-known multinational corporations such as Apple, Google, and Amazon have frequently been cited as examples of firms that maintain a positive CSR-oriented public image while also using offshore tax strategies (Col & Patel, 2019; Sun *et al.*, 2023). This inconsistency has generated public skepticism and substantial academic interest, particularly regarding whether CSR reflects genuine responsibility or merely serves as a reputational shield for questionable tax practices (Sun *et al.*, 2023).

At first glance, taxation and philanthropy appear to belong to entirely different domains. Taxation is compulsory and allows the state to collect and redistribute resources according to public policy priorities, whereas philanthropy is generally understood as a voluntary and altruistic transfer of private wealth. Individuals and organizations are legally required to pay taxes, but they remain free to choose whether or not to engage in charitable giving (Philanthropy Europe Association, 2022). Nevertheless, the distinction becomes less absolute upon closer examination, since many states actively encourage philanthropy through tax-based subsidies. These incentives may take the form of deductions, credits, or other types of fiscal relief for charitable giving. Such arrangements raise broader normative questions concerning the legitimacy of state support for private philanthropy, the democratic implications of delegating redistributive influence to private donors, the effectiveness of tax incentives in increasing donations, and whether philanthropic giving can still be considered altruistic when it is strongly shaped by tax planning motives (Philanthropy Europe Association, 2022).

The literature has also debated whether corporate philanthropy and tax payment should be viewed as complementary or substitutive dimensions of CSR. Corporate philanthropy is generally considered a voluntary CSR activity, whereas tax payment represents a mandatory social obligation imposed by law. Some scholars, drawing on altruism theory, argue that these two forms of responsibility reinforce one another: firms that demonstrate stronger commitment to social contribution through donations are also more likely to fulfill their tax responsibilities faithfully (Jin & Huang, 2021; Lanis & Richardson, 2012; Lanis & Richardson, 2015; Hoi *et al.*, 2013). By contrast, other studies have found a substitutive relationship, suggesting that firms with strong CSR profiles may still engage in tax avoidance, using visible social activities to offset negative perceptions associated with their tax behavior (Jin & Huang, 2021; Davis *et al*., 2016; Col & Patel, 2019). Similarly, research from an institutional rent-seeking perspective suggests that firms making larger donations may actually pay less tax, a pattern described as "donation in exchange for tax" (Jin & Huang, 2021; Li *et al*., 2016).

Income tax remains one of the principal sources of public funding used by governments to perform their functions and provide services to society. Without tax revenue, the state would be unable to sustain its administrative and social responsibilities. For this reason, corporations are legally obliged to pay income tax to the relevant tax authority, and this obligation forms part of their broader legal responsibility to comply with state regulations. Violations of tax law, including tax evasion, may therefore expose firms to sanctions under economic crime provisions. In line with this view, several scholars have argued that the payment of taxes should be explicitly recognized as part of CSR. Avi-Yonah, for example, emphasizes that corporations bear a social duty to pay taxes loyally and should avoid transactions designed solely to reduce tax burdens (Avi-Yonah, 2014a; Svernlöv, 2016).

At the same time, there have been growing calls in many countries to reform corporate income tax rules in ways that better align tax systems with CSR principles. Such reforms are intended not only to promote tax fairness among corporations but also to create incentive structures that encourage socially responsible conduct. Examples of these initiatives can be found in several jurisdictions. In Jordan, public discussion has highlighted the need for legislation that supports the adoption of CSR through more appropriate tax frameworks. In France, tax reforms introduced in 2003 included incentives for corporate giving and philanthropy (Lordemus, 2013). In Sudan, calls were made to amend the tax code so that corporate and business donations could be deducted from taxable income, similar to practices in the United States (Sudaress, 2013). Likewise, the Sultanate of Oman introduced tax reforms through Royal Decree No. 9/2017 to encourage charitable and community-oriented contributions, including recognition of in-kind donations as deductible costs in determining taxable profits (Ministry of Finance/General Secretariat of Taxation, Sultanate of Oman, 2017). These examples illustrate how tax policy can be designed not only as a revenue instrument but also as a mechanism to stimulate responsible corporate engagement with society.

METHODS

Guided by (Porter, 2003) framework for conceptual research, 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 (logical justifications and rational arguments can be deduced by evaluating the extent to which this policy aligns with the content of CSR thought.).

Logical justification is the process of deducing or confirming facts or claims using logic and logical evidence. It involves drawing logical conclusions from logical reasons and evidence. A rational argument is an assertion or claim that is defensible because it is well supported by sound logic and valid and reliable evidence, examples, testimony, or generally accepted information. For an argument to be rational, it is sufficient for it to be reasonably believable and convincing to others. The evaluation intended in this article is to examine the extent to which this policy aligns with the issue of CSR disclosure, the definition of corporate social costs, stakeholder theory, the principles of CSR, social contract theory, the principle of tax fairness etc. The evaluation in this article means examining the extent to which the consequences of adopting this policy, whether explicit or implicit, are consistent with the thought of CSR.

RESULTS 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 material and non-material sacrifices incurred by firms, voluntarily or involuntarily, which can be measurable by accounting methods and which reflect the firms' response to the codified and uncodified wishes of all groups of stakeholders inside and outside the walls and buildings of those firms, except shareholders or owners, which are not compensated by direct financial returns but contribute indirectly to improving their financial performance, part of which reflects the concept of altruism, which result in achieving welfare and improving the quality of life for the beneficiaries of those sacrifices, and perhaps even coming generations. CSCs are the economic sacrifices that firms incur to meet the requirements of their lawful and moral 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. In light of this policy, corporate contributions or part thereof cannot be described as social expenses for two reasons: 1) The policy of tax incentives in exchange for donations contributes to direct economic returns for corporations, which conflicts with the definition of corporate social costs. The social costs are not offset by direct economic returns (tax savings). 2) The actual value of corporate contributions does not match the amount of social benefits produced 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, 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. There are many companies that harm their communities and therefore their donations cannot be included in the list of charitable works. Thus, this tax policy represents a conceptual distortion of CSR.

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). Thus, this tax policy represents a conceptual distortion of CSR.

CSR Principles

The policy of tax incentives in exchange for donations conflicts with the idea of CSR, which calls for altruism (don't 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. Thus, this tax policy represents a conceptual distortion of CSR.

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, just and fair. Avoid harm). Companies must obligate to doing what is right, reasonable 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 numerous reasons why businesses may opt to involve themselves in altruistic actions. There is some evidence, for example, that it may help with reputation management (Kerner & Sumner, 2020; Sumner, 2022; 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, them 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, granting tax incentives in exchange for corporate donations may fail to achieve tax fairness among corporate donors. Corporate donations generate various social benefits depending on their nature and the areas in which they are allocated. Some benefits are tangible, while others are intangible; some are temporary, whereas others have long-term effects. The number and type of beneficiaries may also vary, ranging from a small group of individuals to a particular sector or society as a whole. Although all corporate donations can contribute to social development, their value depends on the nature, duration, and scope of the benefits they produce. Therefore, achieving tax fairness becomes difficult when tax policies do not adequately distinguish among different types of donations. Conversely, making such distinctions may influence the direction of corporate giving, as companies may prioritize areas that provide the greatest tax benefits while neglecting other socially important areas.

Moreover, tax incentives for donations may undermine the principle of tax justice among companies. Such a policy may create unequal treatment between companies operating in competitive markets and monopolistic companies, as well as between environmentally responsible and environmentally harmful companies. Companies in competitive markets may use donations to enhance their reputation, strengthen their competitive advantage, and improve their economic performance. In contrast, monopolistic companies may have less incentive to make donations for reputational or competitive purposes because their market position is already protected. Consequently, the economic benefits arising from donations may differ substantially among companies, even though they receive similar tax treatment. Additional difficulties may arise in relation to non-monetary donations. In some countries, these donations may not be covered by existing tax incentive policies. Furthermore, their value may be difficult to measure reliably, creating additional challenges in determining the appropriate amount of tax relief.

CONCLUSION

The intersection of tax incentive policies with the thought of CSR is unclear, but it can be inferred, and this may be a valid reason to justify the research gap in this area (there are no scientific publications in this area). Therefore, this article aims to contribute to bridging that gap by highlighting the distortions that tax incentive policies create in the thought of CSR.

The preceding discussion indicates that granting tax incentives in exchange for corporate donations may create several significant problems. From the perspective of CSR accounting disclosure, the tax savings obtained by companies are often not disclosed when donations are delivered to beneficiaries, are rarely communicated through the media, and may not be clearly reported in the companies' financial statements at the end of the fiscal year. Consequently, the public may receive an inaccurate impression of the actual economic sacrifices made by companies in fulfilling their philanthropic responsibilities. Whether intentionally or unintentionally, such a policy may therefore contribute to the presentation of misleading information and conflict with the principles of comprehensive disclosure, transparency, and integrity.

From the perspective of CSR thought, tax incentives for donor companies may also distort the fundamental meaning of corporate social responsibility. These incentives are inconsistent with several important elements of CSR theory. In relation to the concept of corporate social costs, tax incentives generate direct financial benefits for donor companies, whereas social costs are generally understood as economic sacrifices that are not offset by immediate financial gains. Although corporate donations are commonly regarded as a form of social cost, the receipt of tax benefits may weaken this characteristic. The policy may also be inconsistent with social contract theory because corporate donations can be viewed as a form of compensation or an implicit obligation owed by companies to society, making it questionable to provide additional incentives for fulfilling such responsibilities. From the stakeholder theory perspective, tax incentives may fail to maintain fairness between society and the government as key stakeholders because they can increase the benefits received by society while simultaneously reducing government tax revenue. Furthermore, the practice of donating funds while recovering part of their value through tax reductions may be perceived as inconsistent with CSR principles, particularly respect for stakeholder interests and ethical behavior.

More broadly, tax incentives may weaken the authentic purpose of CSR by encouraging companies to undertake philanthropic activities primarily to obtain fiscal benefits rather than to demonstrate a genuine commitment to social welfare. This condition may lead companies to prioritize symbolic or superficial CSR programs that are designed to secure tax advantages instead of implementing meaningful initiatives that effectively address social and environmental problems. In terms of tax justice, the policy may also create unequal treatment among companies because it does not necessarily ensure fairness between firms operating in competitive and monopolistic markets or between environmentally responsible companies and those whose activities cause greater environmental harm.

This article therefore highlights an important contemporary challenge to the proper application of CSR theory, namely the intersection between tax policy and corporate social responsibility. This issue may not yet be widely recognized by CSR scholars, practitioners, or policymakers involved in legislative processes. By addressing this intersection, the article contributes to the developing literature on contemporary challenges and issues in CSR and provides a conceptual foundation for further studies. It may also encourage the reassessment of tax policies so that they are more consistent with CSR principles and better able to direct corporate behavior toward genuine, ethical, and socially beneficial responsibility.

REFERENCES

ActionAid. (2011). *Addicted to tax havens: The secret life of the FTSE 100*. https://actionaid.org/sites/default/files/addicted_to_tax_havens.pdf

ActionAid, Christian Aid, & Oxfam. (2015). *Getting to good: Towards responsible corporate tax behaviour*. https://oi-files-d8-prod.s3.eu-west-2.amazonaws.com/s3fs-public/file_attachments/dp-getting-to-good-corporate-tax-171115-en.pdf

Al Rai Newspaper. (2014, November 18). *The private sector calls for legislation to stimulate the adoption of the idea of CSR*. http://alrai.com/article/681515.html

Asatryan, Z., & Joulfaian, D. (2022). Taxes and business philanthropy in Armenia. *Journal of Economic Behavior & Organization*, *200*, 914–930. https://doi.org/10.1016/j.jebo.2022.06.008

Avi-Yonah, R. S. (2006). The three goals of taxation. *Tax Law Review*, *60*(1), 1–28. https://repository.law.umich.edu/articles/40

Avi-Yonah, R. S. (2014a). *Just say no: Corporate taxation and corporate social responsibility* (U of Michigan Public Law Research Paper No. 402). SSRN. https://doi.org/10.2139/ssrn.2423045

Avi-Yonah, R. S. (2014b). Corporate taxation and corporate social responsibility. *New York University Journal of Law and Business*, *11*(1), 1–30. https://repository.law.umich.edu/articles/1407

Berman, S. L., Wicks, A. C., Kotha, S., & Jones, T. M. (1999). Does stakeholder orientation matter? The relationship between stakeholder management models and firm financial performance. *Academy of Management Journal*, *42*(5), 488–506. https://doi.org/10.2307/256972

Bertrand, M., Bombardini, M., Fisman, R., Hackinen, B., & Trebbi, F. (2021). Hall of mirrors: Corporate philanthropy and strategic advocacy. *Quarterly Journal of Economics*, *136*(4), 2413–2465. https://doi.org/10.1093/qje/qjab023

Bhattacharya, C. B., & Sen, S. (2003). Consumer-company identification: A framework for understanding consumers' relationships with companies. *Journal of Marketing*, *67*(2), 76–88. https://doi.org/10.1509/jmkg.67.2.76.18609

Brammer, S., & Millington, A. (2004). The development of corporate charitable contributions in the UK: A stakeholder analysis. *Journal of Management Studies*, *41*(8), 1411–1434. https://doi.org/10.1111/j.1467-6486.2004.00480.x

Bremner, R. (1987). *American philanthropy*. University of Chicago Press.

Brønn, P. S., & Vidaver-Cohen, D. (2009). Corporate motives for social initiative: Legitimacy, sustainability, or the bottom line? *Journal of Business Ethics*, *87*(1), 91–109. https://doi.org/10.1007/s10551-008-9795-z

Brown, T. J., & Dacin, P. A. (1997). The company and the product: Corporate associations and consumer product responses. *Journal of Marketing*, *61*(1), 68–84. https://doi.org/10.2307/1252190

Buchholtz, A. K., Amason, A. C., & Rutherford, M. A. (1999). Beyond resources: The mediating effect of top management discretion and values on corporate philanthropy. *Business & Society*, *38*(2), 167–187. https://doi.org/10.1177/000765039903800203

Burlingame, D. F., & Young, D. R. (1996). *Corporate philanthropy at the crossroads*. Indiana University Press.

Campbell, L., Gulas, C. S., & Gruca, T. S. (1999). Corporate giving behavior and decision-maker social consciousness. *Journal of Business Ethics*, *19*(4), 375–383. https://doi.org/10.1023/A:1006080417909

Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, *34*(4), 39–48. https://doi.org/10.1016/0007-6813(91)90005-G

Chen, J. C., Patten, D. M., & Roberts, R. W. (2008). Corporate charitable contributions: A corporate social performance or legitimacy strategy? *Journal of Business Ethics*, *82*(1), 131–144. https://doi.org/10.1007/s10551-007-9567-1

Chen, Z. S., & Cao, Y. (2016). Chinese private corporate philanthropy: Social responsibility, legitimacy strategy, and the role of political capital. *Social Responsibility Journal*, *12*(1), 108–136. https://doi.org/10.1080/21620555.2015.1128815

Choi, J., & Wang, H. (2007). The promise of a managerial values approach to corporate philanthropy. *Journal of Business Ethics*, *75*(4), 345–359. https://doi.org/10.1007/s10551-006-9257-4

Col, B., & Patel, S. (2019). Going to haven? Corporate social responsibility and tax avoidance. *Journal of Business Ethics*, *154*(4), 1033–1050. https://doi.org/10.1007/s10551-016-3393-2

Cooper, M., & Nguyen, Q. T. K. (2020). Multinational enterprises and corporate tax planning: A review of literature and suggestions for a future research agenda. *International Business Review*, *29*(3), 101692. https://doi.org/10.1016/j.ibusrev.2020.101692

Costa, R., & Menichini, T. (2013). A multidimensional approach for CSR assessment: The importance of stakeholder perception. *Expert Systems with Applications*, *40*(1), 150–161. https://doi.org/10.1016/j.eswa.2012.07.028

Dattani, P., Still, A., & Pota, V. (2015). *Business backs education: Creating a baseline for corporate CSR spend on global education initiatives*. Business Backs Education. http://businessbackseducation.org/research/

Davis, A. K., Guenther, D. A., Krull, L. K., & Williams, B. M. (2016). Do socially responsible firms pay more taxes? *The Accounting Review*, *91*(1), 47–68. https://doi.org/10.2308/accr-51224

De Colle, S., & Bennett, A. M. (2014). State-induced, strategic, or toxic? An ethical analysis of tax avoidance practices. *Business and Professional Ethics Journal*, *33*(1), 53–82. https://doi.org/10.5840/bpej20145111

De la Cuesta-González, M., & Pardo, E. (2019). Corporate tax disclosure on a CSR basis: A new reporting framework in the post-BEPS era. *Accounting, Auditing & Accountability Journal*, *32*(7), 2167–2192. https://doi.org/10.1108/AAAJ-12-2017-3282

Dean, D. H. (2003). Consumer perception of corporate donations: Effects of company reputation for social responsibility and type of donation. *Journal of Advertising*, *32*(4), 91–102. https://doi.org/10.1080/00913367.2003.10639149

Dowling, J., & Pfeffer, J. (1975). Organizational legitimacy: Social values and organizational behavior. *Pacific Sociological Review*, *18*(1), 122–136. https://doi.org/10.2307/1388226

European Fundraising Association. (2018). *Tax incentives for charitable giving in Europe*. https://efa-net.eu/wp-content/uploads/2018/12/EFA-Tax-Survey-Report-Dec-2018.pdf

Enders, B. (2020). Tax incentives: An economic basis for charitable giving. *Tax Incentives: An Economic Basis for Charitable Giving Learning to Give*.

European Parliament. (2013). *European Parliament resolution of 6 February 2013 on corporate social responsibility: Accountable, transparent and responsible business behaviour and sustainable growth*. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2016.024.01.0028.01.ENG

Fack, G., & Landais, C. (2010). Are tax incentives for charitable giving efficient? Evidence from France. *American Economic Journal: Economic Policy*, *2*(2), 117–141. https://doi.org/10.1257/pol.2.2.117

Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Pitman.

Freeman, R. E. (2009). Managing for stakeholders. In T. L. Beauchamp, N. E. Bowie, & D. G. Arnold (Eds.), *Ethical theory and business* (8th ed., pp. 56–68). Pearson Prentice Hall. https://doi.org/10.2139/ssrn.1186402

Freeman, R. E. (2017). The new story of business: Towards a more responsible capitalism. *Business and Society Review*, *122*(3), 449–465. https://doi.org/10.1111/basr.12123

Friedman, M. (1970). The social responsibility of business is to increase its profits. *The New York Times Magazine*.

Ftouhi, K., & Ghardallou, W. (2020). International tax planning techniques: A review of the literature. *Journal of Accounting and Auditing Research*, *21*(2), 329–343. https://doi.org/10.1108/JAAR-05-2019-0080

Gilarso, T. (2004). *Pengantar ilmu ekonomi makro*. Kanisius.

Gladden, W. (1895). Tainted money. *Outlook*, *52*, 886–887.

Global Reporting Initiative. (2019). *GRI 207: Tax*. https://www.globalreporting.org/standards/gri-standards-download-center/gri-207-tax-2019/

Godfrey, P. C. (2005). The relationship between corporate philanthropy and shareholder wealth: A risk management perspective. *Academy of Management Review*, *30*(4), 777–798. http://www.jstor.org/stable/20159168

Guo, Z. (2019). Research on the differences between Chinese and Western charitable cultures. *Economic Research Guide*, (7), 82.

Haataja, D. (2020). *Stakeholder theory: The new story of business*. Uppsala University. http://www.diva-portal.org/smash/get/diva2:1466714/FULLTEXT01.pdf

Hemingway, C. A., & Maclagan, P. W. (2004). Managers' personal values as drivers of corporate social responsibility. *Journal of Business Ethics*, *50*(1), 33–44. https://doi.org/10.1023/B:BUSI.0000020964.80208.c9

Hoeffler, S., Bloom, P. N., & Keller, K. L. (2010). Understanding stakeholder responses to corporate citizenship initiatives: Managerial guidelines and research directions. *Journal of Public Policy & Marketing*, *29*(1), 78–88. https://doi.org/10.1509/jppm.29.1.78

Hoi, C. K., Wu, Q., & Zhang, H. (2013). Is corporate social responsibility (CSR) associated with tax avoidance? Evidence from irresponsible CSR activities. *The Accounting Review*, *88*(6), 2025–2059. https://doi.org/10.2308/accr-50544

Hopkins, M. (2004). What is corporate social responsibility all about? *Journal of Public Affairs*, *6*(3–4), 298–306.

Ibanga, D. A. (2018). Is there a social contract between the firm and community? Revisiting the philosophy of corporate social responsibility. *International Journal of Development and Sustainability*, *7*(1), 355–380.

Jallai, A. G. (2017). Restoring stakeholders' trust in multinationals' tax planning practices with corporate social responsibility (CSR). In B. Peeters, H. Gribnau, & J. Badisco (Eds.), *Building trust in taxation* (pp. 173–201). Intersentia. https://doi.org/10.1017/9781780684734.010

Jin, Z., & Huang, C. (2021). Tax enforcement and corporate donations: Evidence from Chinese "Golden Tax Phase III." *China Journal of Accounting Studies*, *9*(4), 526–548. https://doi.org/10.1080/21697213.2022.2053375

John, R., Chia, A., & Ito, K. (2017). *Corporate philanthropy in Asia: Innovations that unlock the resources of business for the common good* (Entrepreneurial Social Finance in Asia Working Paper No. 5). Asia Centre for Social Entrepreneurship & Philanthropy, National University of Singapore. https://bschool.nus.edu.sg/Portals/0/images/ACSEP/Publications/acsep-working-paper-no5-ebook.pdf

Kang, Z., & Wang, C. (2018). Research on the impact of corporate charitable donations on corporate capital structure. *China Price*, (12), 42–45.

Kerner, A., & Sumner, J. L. (2020). Salvation by good works? Offshoring, corporate philanthropy, and public attitudes toward trade policy. *Economics & Politics*, *32*(1), 1–27. https://doi.org/10.1111/ecpo.12146

Kotler, P., & Lee, N. (2005). *Corporate social responsibility: Doing the most good for your company and your cause*. Wiley.

Lanis, R., & Richardson, G. (2012). Corporate social responsibility and tax aggressiveness: An empirical analysis. *Journal of Accounting and Public Policy*, *31*(1), 86–108. https://doi.org/10.1016/j.jaccpubpol.2011.10.006

Lanis, R., & Richardson, G. (2015). Is corporate social responsibility performance associated with tax avoidance? *Journal of Business Ethics*, *127*(2), 439–457. https://doi.org/10.1007/s10551-014-2052-8

Lee, H., Park, T., Moon, H. K., Yang, Y., & Kim, C. (2009). Corporate philanthropy, attitude towards corporations, and purchase intentions: A South Korean study. *Journal of Business Research*, *62*(10), 939–946. https://doi.org/10.1016/j.jbusres.2008.08.007

Li, Z. F., Tang, X. D., & Lian, Y. J. (2016). The puzzle of Chinese private enterprises' corporate social responsibility. *Management World*, (9), 136–148, 160, 188. https://doi.org/10.19744/j.cnki.11-1235/f.2016.09.011

Lordemus, S. (2013). *Evaluating the efficiency of the tax incentives toward corporate philanthropy* (Master's thesis, Paris School of Economics, University of Paris 1 Panthéon-Sorbonne). http://piketty.pse.ens.fr/files/Lordemus2013.pdf

Lyons, M., & Passey, A. (2006). Need public policy ignore the third sector? Government policy in Australia and the United Kingdom. *Australian Journal of Public Administration*, *65*(3), 90–102. https://doi.org/10.1111/j.1467-8500.2006.00496a.x

Madrakhimova, F. S. (2013). Corporate philanthropy. *Global Conference on Business and Finance Proceedings*, *8*(2), 125–132. http://old.uona.edu/UoNA/files/literature/3231.2634_ISSN-1941-9589-V8-N2-2013_c.pdf

Mahmud, A., Ding, D., & Hasan, M. M. (2021). Corporate social responsibility: Business responses to coronavirus (COVID-19) pandemic. *SAGE Open*, *11*(1). https://doi.org/10.1177/2158244020988710

Man, T. L. M. (2006). *Corporate giving: A tax perspective*. http://www.carters.ca/pub/article/charity/2007/tlm_corpgiving.pdf

Margolis, J. D., & Walsh, J. P. (2003). Misery loves companies: Rethinking social initiatives by business. *Administrative Science Quarterly*, *48*(2), 268–305. https://doi.org/10.2307/3556659

Marin, L., Ruiz, S., & Rubio, A. (2009). The role of identity salience in the effects of corporate social responsibility on customer behavior. *Journal of Business Ethics*, *84*(1), 65–78. https://doi.org/10.1007/s10551-008-9673-8

McCarty, S., & Sumner, J. L. (2024). The political consequences of corporate donations for public service provision. *Business and Politics*, *26*, 27–46. https://doi.org/10.1017/bap.2023.27

McCormick, C. (1931). *The century of the reaper: An account of Cyrus McCormick, the inventor of the reaper; of the McCormick Harvesting Machine Company, the business he created; and of the International Harvester Company, his heir and chief memorial*. Houghton Mifflin.

McGregor-Lowndes, M., Newton, C., & Marsden, S. (2006). Did tax incentives play any part in increased giving? *Australian Journal of Social Issues*, *41*(4), 495–509. https://doi.org/10.1002/j.1839-4655.2006.tb00032.x

McWilliams, A., Siegel, D. S., & Wright, P. M. (2006). Corporate social responsibility: Strategic implications. *Journal of Management Studies*, *43*(1), 1–18. https://doi.org/10.1111/j.1467-6486.2006.00580.x

Mihaljević, M., & Tokić, I. (2015). Ethics and philanthropy in the field of CSR pyramid. *Interdisciplinary Management Research*, *11*, 799–807.

Miles, S. (2011). Stakeholder: Essentially contested or just confused? *Journal of Business Ethics*, *108*(3), 285–298. https://www.jstor.org/stable/41476295

Ministry of Finance, General Secretariat of Taxation, Sultanate of Oman. (2017). *Amendment to the tax code under Royal Decree No. 9/2017*. https://tms.taxoman.gov.om/

Munisami, K. (2018). The role of corporate social responsibility in solving the great corporate tax dodge. *Florida State University Business Review*, *17*, 55–86.

Nell, C. (1991). *Tax evasion and charitable giving—An experimental approach*. https://pdfs.semanticscholar.org/bec2/dd7713c3dcc4ef4c43b49494a06098b710bc.pdf

Odubunmi, O. (2018). Tax deductibility and exemption of corporate donations in Nigeria. *The Gravitas Review of Business & Property Law*, *9*(2). https://gravitasreview.com.ng/shop/tax-deductibility-exemption-of-corporate-donations-in-nigeria

Oxfam. (2017). *Opening the vaults: The use of tax havens by Europe's biggest banks*. https://oxfamilibrary.openrepository.com/bitstream/handle/10546/620234/bp-opening-vaults-bankstax-havens-270317-en.pdf

Parker, F. (2003). George Peabody, 1795–1869: His influence on educational philanthropy. *Peabody Journal of Education*, *78*(2), 111–118. https://doi.org/10.1207/S15327930PJE7802_07

Perry, S. (2006, June 15). Giving by companies rose 14% last year, study finds. *The Chronicle of Philanthropy*.

Philea. (2022, January 28). *Unexpected parallels between philanthropy and taxation*. https://philea.eu/opinions/unexpected-parallels-between-philanthropy-and-taxation/

Polonsky, M., Hall, J., Vieceli, J., Atay, L., Akdemir, A., & Marangoz, M. (2013). Using strategic philanthropy to improve heritage tourist sites on the Gallipoli Peninsula, Turkey: Community perceptions of changing quality of life and of the sponsoring organization. *Journal of Sustainable Tourism*, *21*(3), 376–395. https://doi.org/10.1080/09669582.2012.699061

Porter, M. E., & Kramer, M. R. (2002). The competitive advantage of corporate philanthropy. *Harvard Business Review*, *80*(12), 56–68.

Porter, M. E. (2003). CSR—A religion with too many priests. *European Business Forum*, (15), 28–31.

Powell, A., Seldon, A., & Sahni, N. (2019). Reimagining institutional philanthropy. *Stanford Social Innovation Review*. https://ssir.org/articles/entry/reimagining_institutional_philanthropy

Quick, E., Kruse, T., & Pickering, A. (2014). *Rules to give by: A global philanthropy legal environment index*. Charities Aid Foundation, Nexus, & McDermott Will & Emery LLP.

Reid, R. J., Reid, M. R., & Murillo, X. L. (2022). Place-based philanthropy: Who is that in my backyard? *Local Development & Society*. https://doi.org/10.1080/26883597.2022.2107945

Raczkowski, K., Sułkowski, Ł., & Fijałkowska, J. (2016). Comparative critical review of corporate social responsibility business management models. *International Journal of Contemporary Management*, *15*(2), 135–150. https://doi.org/10.4467/24498939IJCM.16.014.5554

Robb, F. (1994). George Peabody (1795–1869), founder of modern philanthropy. *Peabody Journal of Education*, *70*(1), 17–32. https://doi.org/10.1080/01619569409538797

Saiia, D. H., Carroll, A. B., & Buchholtz, A. K. (2003). Philanthropy as strategy when corporate charity "begins at home." *Business & Society*, *42*(2), 169–201. https://doi.org/10.1177/0007650303042002002

Šain, M. (2021). *Corporate social responsibility in times of crisis: COVID-19*. Academy of Arts and Culture in Osijek. https://doi.org/10.25234/eclic/18348

Saleh, Y. A. B. (2020a). Advantages and disadvantages of the four methods of tax treatment of corporate monetary and in-kind donations: A theoretical study of intellectual enrichment in the fields of taxation and corporate philanthropic responsibility. *Journal of Business Management and Economic Research*, *4*(1), 74–139. https://doi.org/10.29226/TR1001.2020.184

Saleh, Y. A. B. (2020b). The six perceptions about what corporate donations mean to legislatures in business language. *Journal of Business Studies*, *3*(2), 37–54. https://doi.org/10.26677/TR1010.2020.614

Saleh, Y. A. B. (2021). What is the optimal tax treatment that motivates donor corporations to make more monetary and in-kind donations to their communities with minimal damage to the interests of all parties involved, and the content of the CSR idea? *Journal of Business Studies*, *4*(3), 197–219. https://doi.org/10.26677/TR1010.2021.904

Saleh, Y. A. B. (2024). *A precise definition of the term "corporate social costs": An initiative to enrich the thought of accounting for CSR*. ResearchGate. https://www.researchgate.net/publication/383819257

Sasse, C. M., & Trahan, R. T. (2006). Rethinking the new corporate philanthropy. *Business Horizons*, *49*(1), 29–38. https://doi.org/10.1016/j.bushor.2006.05.002

Scarpa, F., & Signori, S. (2023). Understanding corporate tax responsibility: A systematic literature review. *Social and Environmental Accountability Journal*, *14*(7), 179–201. https://doi.org/10.1108/SAMPJ-04-2022-0200

Schwartz, M. S., & Carroll, A. B. (2003). Corporate social responsibility: A three-domain approach. *Business Ethics Quarterly*, *13*(4), 503–530. https://doi.org/10.2307/3857969

Sen, S., & Bhattacharya, C. B. (2001). Does doing good always lead to doing better? Consumer reactions to corporate social responsibility. *Journal of Marketing Research*, *38*(2), 225–243. https://doi.org/10.2307/1558626

Sethi, S. P. (1979). A conceptual framework for environmental analysis of social issues and evaluation of business response patterns. *Academy of Management Review*, *4*(1), 63–74. https://doi.org/10.2307/257404

Sharfman, M. (1994). Changing institutional rules: The evolution of corporate philanthropy, 1883–1953. *Business & Society*, *33*(3), 236–269.

Sheikh, S. R., & Beise-Zee, R. (2011). Corporate social responsibility or cause-related marketing? The role of cause specificity of CSR. *Journal of Consumer Marketing*, *28*(1), 27–39. https://doi.org/10.1108/07363761111101921

Strand, R., & Freeman, R. E. (2015). Scandinavian cooperative advantage: The theory and practice of stakeholder engagement in Scandinavia. *Journal of Business Ethics, 127*(1), 65–87. https://doi.org/10.1007/s10551-013-1792-1

Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review*, *20*(3), 571–610. https://doi.org/10.2307/258788

Sudaress. (2013). Donations for taxes. https://www.sudaress.com/alintibaha/29759

Sumner, J. L. (2022). *The cost of doing politics: How partisanship and public opinion shape corporate influence*. Cambridge University Press.

Sun, H., Yang, M., Li, L., & Liu, C. (2023). Corporate charitable donations, earnings performance and tax avoidance. *Sustainability, 15*, 3116. https://doi.org/10.3390/su15043116

Sundaram, A. K., & Inkpen, A. C. (2004). The corporate objective revisited. *Organization Science, 15*(3), 350–363. https://doi.org/10.1287/orsc.1040.0068

Sustainability. (2006). *Taxing issues: Responsible business and tax*. https://sustainability.com/wp-content/uploads/2016/09/sustainability_taxing_issues.pdf

Svernlöv, C. (2016). *Corporate social responsibility and corporate taxation*. https://www.svensktnaringsliv.se/

Szöcs, I., Schlegelmilch, B. B., Rusch, T., & Shamma, H. M. (2016). Linking cause assessment, corporate philanthropy, and corporate reputation. *Journal of the Academy of Marketing Science, 44*(3), 376–396. https://doi.org/10.1007/s11747-014-0417-2

Szőcs, I. (2024). Corporate philanthropy. In *Elgar encyclopedia of corporate communication*. Edward Elgar Publishing. https://doi.org/10.4337/9781802200874.ch62

Theroux, K. (2011). A century of philanthropy: Carnegie Corporation of New York. *American Libraries*. https://americanlibrariesmagazine.org/2011/09/13/a-century-of-philanthropy-carnegie-corporation-of-new-york/

Vaidyanathan, B. (2008). *Corporate giving: A literature review*. https://generosityresearch.nd.edu/assets/17636/corporate_giving_final.pdf

Van Beurden, P., & Gössling, T. (2008). The worth of values: A literature review on the relation between corporate social and financial performance. *Journal of Business Ethics, 82*(2), 407–424. https://doi.org/10.1007/s10551-008-9894-x

Vanco, M., Situmorang, R., & Salee, A. (2024). The role of law in taxation policy as an economic control tool: A case study of tax amnesty in Indonesia. *International Journal of Current Science, 1*(12), 964–973. https://doi.org/10.55927/ijcs.v1i12.12045

Varadarajan, P. R., & Menon, A. (1988). Cause-related marketing: A coalignment of marketing strategy and corporate philanthropy. *Journal of Marketing, 52*(3), 58–74.

Yang, D. J., & Li, H. J. (2007). A study of consumers' attitudes toward the methods employed by an enterprise for charitable acts: Cause-related marketing vs sponsorship. *Asia Journal of Management and Humanities Sciences, 2*(1–4), 14–35. https://www.airitilibrary.com/Article/Detail/19949643-200712-201004230134-201004230134-14-35

Wang, H. L., Choi, J. P., & Li, J. T. (2008). Too little or too much? Untangling the relationship between corporate philanthropy and firm financial performance. *Organization Science, 19*(1), 143–159. https://doi.org/10.1287/orsc.1070.0271

Wang, H., & Qian, C. (2011). Corporate philanthropy and corporate financial performance: The roles of stakeholder response and political access. *Academy of Management Journal, 54*(6), 1159–1181. https://doi.org/10.5465/amj.2009.0548

Wang, C., Xu, H., & Li, G. (2018). Corporate philanthropy and legitimacy strategy of tourism firms: A community perspective. *Journal of Sustainable Tourism*. https://doi.org/10.1080/09669582.2018.1428334

Weeden, C. (2015). Legitimization through corporate philanthropy: A cruise case study. *Tourism in Marine Environments, 10*(3–4), 201–210. https://doi.org/10.3727/154427315X14181438892810

World Economic Forum. (2021). *What is stakeholder capitalism?* https://www.weforum.org/agenda/2021/01/klaus-schwab-on-what-is-stakeholder-capitalism-history-relevance/

Wymer, W. (2006), Special issue on corporate philanthropy. *Int. J. Nonprofit Volunt. Sect. Mark.*, 11: 1-2. https://doi.org/10.1002/nvsm.43

Yoon, Y., Gürhan-Canli, Z., & Schwarz, N. (2006). The effect of CSR activities on companies with bad reputations. *Journal of Consumer Psychology, 16*(4), 377–390. https://doi.org/10.1207/s15327663jcp1604_9

Zarefar, A., & Sawarjuwono, T. (2021). Corporate social responsibility: Theory, practice and its impact on the company. *Jurnal Akuntansi Keuangan dan Bisnis, 14*(1), 103–112. https://doi.org/10.35143/jakb.v14i1.4495

Zhang, L. (2021). The impact of private entrepreneur's religious beliefs and political identity on corporate philanthropy donations. *Suranaree Journal of Social Science, 15*(1), 113–127. https://doi.org/10.55766/GTYQ5931

Conflict of Interest Statement: The authors declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.