Are the processing fees tax-deductible?

The amount which is tax-deductible is determined to whom the payment is being made.

When a supporter chooses to pay the processing fee on behalf of an organization, the supporter is paying the fee portion of the transaction directly to Flipcause. Since payments to Flipcause are not tax-deductible, this optional fee portion of the transaction is not tax-deductible.

For internal accounting purposes, organizations should only include the "Total Transaction Amount", "Processing Fee Paid by Organization" and the "Net Received (Flipcause Gateway)" into their books.

In the case of transactions where the fee is not covered by the supporter, the full transaction amount is paid directly to the organization, therefore the full amount paid is tax-deductible (based on the organization's tax deduction status less the market value of any goods or services provided). The Flipcause Gateway fee is then charged directly to the organization and indicated in the reporting as "Processing Fee paid by the Organization".

"Processing Fee Paid by the Supporter (Directly to Flipcause)" is in the reporting for reference only, and as indicated above will be realized as a direct payment by the supporter to Flipcause. "Total Charged", also included in the reporting for reference, is comprised of two (2) payments combined: "Total Transaction Amount" plus (+) "Processing Fee Paid by Supporter".

To be clear, "Total Transaction Amount" is delivered directly to the organization and "Processing Fee Paid by Supporter" is delivered directly to Flipcause.

Further, for supporter clarification, it is indicated in the post-transaction receipt delivered to the supporter that the optional "Processing Fee" is "Paid directly to the credit card processor. The fee is non-refundable and not tax deductible".

In all cases, the tax receipts that get automatically emailed to your supporters will always indicate the correct tax-deductible amount.

For further clarification regarding the tax deduction status of transactions or fees, please contact your Success Manager.