

A Chat With The Giving Block



A conversation with Em May & G.D Anderson (Philanthrop3) and Pietro Moran & Emily Fascilla (TGB)

GD: I want to talk about how casually, when we talk about crypto philanthropy, we talk about donating 2 Ethereum. Which, of course, for quite a long time was \$10,000. Initially when you said 2 ETH, I was like, that sounds like a really reasonable gift, but that is an enormous amount of money. It's fascinating. I'm sure there's some kind of psychology behind giving cryptocurrency when it just looks like the number two, you're probably like, 'oh, that's an easy spend', especially if I've got lots of ETH. Whereas, you know, spending out of your USD account is like, 'oh, that's, that's too much to give'.

Pietro: Your exactly right about the psychology, if I participated in crypto and I bought ETH when it was \$30 and it went to \$4000, I might have a couple thousand or a couple hundred Ethereum, where a 2 or 3 ETH spend doesn't feel like a lot, especially because it's an intangible asset.

Emily: So, it is as easy to give as a cash asset, but it acts more as a stock in terms of frequency of giving and then level of giving, for the average gift.

Pietro: Then any relevant deduction/tax advantages that comes with that, since it's designated in the United States as a property asset, a lot of donors will utilize that strategically with any tax and accounting professional, it's an added level of utility for crypto. It's probably the best asset in the world to donate because it's super liquid and it still acts as a property asset from a tax compliance standpoint.

Emily: Yeah. That is absolutely why that number is so high because many of them need to give at least that much, to offset their capital gains.

Em: Can they still get that tax deduction if they've given anonymously?

Pietro: Yes. So as long as you provide an email through our donation flow, you can receive that. And then if there's an inquiry on your taxes, you actually have all the on chain data to prove the provenance of the assets, which is why the blockchain's actually very useful in this case. And then for the nonprofits we work with, we autogenerate those receipts for you to take the burden and lift off of your plate and it'll include all the relevant required information like EIN, legal name, location of business, etc. And we standardize that into a single form. So you can submit that with your taxes when it comes time to pay them.

And the one really, I guess, interesting theme around that is the end of the year in particular is a really big giving season. The reason for that is that for deductions it's on a calendar year schedule, even though in the USA, you pay your taxes April. So you are locking in your deductions in Q4 at the end of the year, once you've done your business for the year. And then we've noticed that, you know, huge volumes come during the giving season, which also creates great outcomes. It's the holidays, people are in the giving spirit and Non Profits are getting a gift under the tree.

Em: Is this all in the USA? Is it that your donors and then your charities are in the USA, so then that tax lines up? Because for me in Australia, like if I was giving to a charity in America, even through The Giving Block, like that wouldn't have a tax benefit to me because it would have to be an Australian charity.

Emily: Yeah. It's based on where you live as the donor.

Crypto giving is similar to traditional giving in that during that end of year time, it really increases. Over 10% of all crypto gifts come in in those final 72 hours of the calendar year. So, it is our biggest jump. It was 12% last year.

But one of the things that we're exploring for our clients and we actually did this this year, we did a Twitter space with Australian clients for your EOFY. And so we are refining some of those practices that are working well for us, to have some of those pushes, and it is something that we're working on, building out resources and events for.

GD: I love the 72 hour push! Frantic.

Emily: Yes, isn't that crazy? I know that's, I mean, that's USA taxes for you.

GD: That's people, for you!

Em: I want to say I'm surprised, but I did my donation like the last second before our tax year ended. So, I'm on board with that.

Pietro: The funny way to phrase it in my mind. It's like, if there's one thing that I'm consistently sure of, it's that people are on some spectrum, kind of lazy, myself included, right? So like, I think it's like 40 or 50% of all donations come into month of December. Right? Emily? Or am I crazy?

Emily: Yeah, it is disproportionately. Those final six weeks are crazy.

GD: Super fascinating.

Pietro: Yeah. It's a really opportune time to have this conversation. So, like we don't want to dissuade nonprofits to say pump this to next year or put this on the back burner for their board to discuss, because in reality they can recognize a majority of those exciting outcomes, even if they get onboarded with us in the last two, three months of the year, which is cool.

GD: That makes perfect sense.

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