



Throwing Away Food & Money

How Feeding the Massachusetts Community Can Feed Your Bottom Line



Every day, businesses throw away thousands of pounds of food—and thousands of dollars—unnecessarily. Reducing wasted food can result in both avoided purchasing and disposal costs. Donating surplus food supports people facing food insecurity while also providing tax benefits and avoided disposal costs. Not only can reducing the amount of wasted food cut costs and benefit the environment, but it can also act as an excellent marketing opportunity for your organization.

Prevention & Reduction

There are a variety of strategies to [prevent wasted food](#), no matter the scale of your business. When less food is ordered, handled, and prepared there are additional areas where savings can be realized - such as staff time, equipment wear and tear, utility cost savings, and storage space. Repurposing surplus edible food can extend your investments in purchasing and engage kitchen staff to be creative. This can be as simple as using leftover fruits in smoothies, saving vegetable and bone scraps for broths, making croutons out of stale bread, and more. Extending the shelf-life of your investments can go a long way. These practices also help businesses comply with [Massachusetts' Commercial Food Material Disposal Ban](#).

Donation

Donation of wholesome food has financial benefits to the donor in addition to the social and community benefits. The financial benefits of food donation include both avoided disposal and hauling costs as well as tax deductions. Avoided disposal costs can add up, however, be sure not to use donation as a disposal method for unsafe food. Food donation organizations can work with donors to determine what items are acceptable. For more guidance on starting a food donation program, please see the [RecyclingWorks Food Donation Guidance](#).

Tax Deduction Calculations

According to the Harvard Food Law and Policy Clinic's (FLPC) [Federal Enhanced Tax Deduction for Food, a legal guide](#). If a donor meets qualifying requirements as described in the guide, they can calculate the following tax deductions:

C-Corps	Non C-Corps
<p>“The enhanced tax deduction allows eligible businesses to deduct the lesser of (a) twice the basis value of the donated food or (b) the basis value of the donated food plus one-half of the food’s expected profit margin (i.e., the profit margin the donor would expect to capture if the food were sold at its fair market value).” The enhanced tax deduction can be up to 15% of the annual taxable income.</p> <p style="text-align: center;">1. Basis Value x 2 Or 2. Basis Value + (Expected profit margin/2)</p>	<p>Non C-corps can use the general deduction of their basis. If the store does not account for inventory and is not required to capitalize indirect costs, they can deduct 25% of the fair market value or retail price of the item up to 30% of taxable income.</p>

[Source: FLPC] Please consult your tax attorney for advice in your specific situation.

Potential donors already have the necessary information available to make these calculations because the ingredient and/or inventory costs are used to calculate retail pricing. For examples of tax deduction calculations, [click here](#).

Diversion of the Remaining Food Scraps

After maximizing reduction and donation opportunities, there will be a remainder of food scraps that can be [separated for diversion](#) for animal feed, anaerobic digestion, or composting. Preventing, donating, and diverting wasted food can all result in reduced trash collection and disposal costs. However, in order for a business to realize these savings, they will need to work with their trash hauler to adjust their service levels for trash. For more guidance on effective contracting practices, please see the [RecyclingWorks Guidance for Businesses Contracting for Trash, Recycling, and Food Waste Services](#).

Resources:

- [RecyclingWorks MA Food Donation Guidance](#)
- [Comprehensive Guidelines for Food Recovery Programs](#)
- Harvard Food Law and Policy Clinic Fact Sheets:
 - [Liability Protection](#)
 - [Tax Incentives](#)
 - [Date Labeling](#)

[RecyclingWorks in Massachusetts](#) is a Massachusetts Department of Environmental Protection (MassDEP) recycling assistance program to help businesses and institutions reduce waste and maximize recycling, reuse, and food recovery opportunities. For no-cost technical assistance with preventing, donating, and/or diverting wasted food, contact the RecyclingWorks in MA hotline.