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## Zuckerberg's Facebook Giveaway: 'Charity' or Tax-Dodging Scheme?

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by

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As David Maloney argued Wednesday in *The Guardian*, "the rich are still effectively buying the future they'd like to see." (Photo: Mark Zuckerberg/Facebook)

Facebook CEO Mark Zuckerberg and his wife, Priscilla Chan, attracted attention and praise when they [announced](#) Tuesday they plan to "give" 99 percent of their Facebook shares—worth roughly \$45 billion—to the causes of "advancing human potential and promoting equality."

However, there is a key problem with the declaration, unrolled in a public letter to the couple's newborn child. The couple is not donating their money to charity, but in fact shuffling it into their own limited liability company (LLC)—the Chan Zuckerberg Initiative.

While this venture will allow the couple to donate to charity, they will not be required to do so, and they can also invest in private companies. What's more, they can use cash from the fund to pay lobbyists and

donate to politicians. Under this framework, Zuckerberg and Chan will have the power to transfer ownership of their massive stock in Facebook without paying a penny in capital gains taxes.

"This generosity is also incredibly tax efficient," *Forbes* contributor Robert Wood [noted](#) on Tuesday. "Why donate stock? With stock, the donor gets a charitable contribution deduction based on the fair market value of the shares. Value and basis are different things, which can mean enormous tax advantages."

The fact that Tuesday's announcement does not gift a single penny of Zuckerberg and Chan's massive fortune did not go unnoticed.

"[W]e challenge your decision to move the \$45 billion to your own privately controlled LLC, because, well, that's not *actually* giving anything away," the group Resource Generation, which organizes young people with wealth to work towards a just distribution of resources and power, said in an [open letter](#) to the couple.

Chuck Collins, author and a senior scholar at the Institute for Policy Studies, told *Common Dreams* that the venture constitutes an extension of Zuckerberg's "wealth and power."

"We have a problem now—as wealth has concentrated into fewer and fewer hands—which is many multi-millionaires and billionaires are opting out paying taxes," Collins said. "Some use trusts and loopholes, like Sheldon Adelson. And many use charitable foundations or, as Mark Zuckerberg has publicized, limited liability corporations which give them absolute control, no public accountability, etc."

This is despite the fact, Collins points out, that "Mark Zuckerberg's wealth was built on a foundation of public investments in the internet, infrastructure, education systems, almost entirely funded with taxpayer dollars."

What's more, Zuckerberg and Chan outlined a vague mission in the announcement of their venture, claiming they will focus on "personalized learning, curing disease, connecting people and building strong communities." While it is not currently known exactly what actions the wealthy couple plans to take, the Facebook CEO has been widely criticized for past decisions, from [selling personal data for profit](#) to [funding the expansion of charter schools](#).

In making their announcement, Zuckerberg and Chan join the class of billionaire "philanthrocapitalists," as *New Yorker* writer John Cassidy [puts it](#). Ultra-rich people, from Bill Gates to Warren Buffett, are placing their massive amounts of accumulated wealth within their own privately-controlled organizations—and therefore outside of the reach of the public.

They do so at a time of profound and rising inequality. A [report](#) released Tuesday by the Institute for Policy Studies finds that the 20 richest people in the United States—including Zuckerberg—own more wealth than the bottom half of the population.

Needless to say, this gives them outsized influence in shaping society and politics. As David Maloney [argued](#) in the *Guardian* on Wednesday: "International philanthropy and the western world's desire to eradicate poverty and disease can't ever truly rid themselves of their imperialist roots; as many critics have pointed out, the [white savior industrial complex](#) has never been more [pervasive in global culture](#)."

Maloney added that "the rich are still effectively buying the future they'd like to see."