

What happens to the money when I round up at the register?

No, they aren't a scam.

by [Jess Craig](#)

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A customer pays for groceries at the check out counter in Drancy, France, on September 11, 2024.

Vox reader Ben Kutcher asks: What happens to the money when I round up at the register? Are these real charities? Who gets credit for the donation? Is there some taxable benefit to companies that offer this? Do they have to provide transparency reports?

If you've ever been at a grocery store checkout counter and the cashier asked you to round up your purchase for charity, you've probably asked yourself the same questions. Round-up charity campaigns were first introduced about [15 years](#) ago and have since become omnipresent. In 2022, 77 of the most successful of these initiatives raised more than [\\$749 million](#), more than double the amount raised in 2012.

These types of charity campaigns are pretty simple. Charities [partner](#) with businesses — your local grocery store, gas station, or favorite restaurant — which then ask their customers to round up their purchase total to the nearest dollar. Those extra few cents go toward the fundraiser. The retailer typically collects these small donations over a set period of time and then transfers that lump sum of money to the charity.

The round-up campaigns have proven to be pretty successful. [More than half](#) of Americans are willing to round up and fork over a few cents. A 2018 [study](#) found that the round-up approach is more successful than other, more traditional types of fundraising, even when customers are asked to donate about the same amount of money as they would give by rounding up their purchase total.

At the same time, however, the uptick in gas stations, restaurants, and supermarkets asking you to round up your purchase for charity has started to [frustrate](#) some customers. These requests usually don't come with a whole lot of information about who is benefiting and how much of your donation will actually reach the charity, which makes many people hesitant to donate spontaneously. (Not to mention, there are concerns about whether donation round-ups are just a farce for businesses to get tax breaks.)

Here is everything you need to know about these campaigns so you can make an informed decision the next time you're asked to round up for charity.

Who gets the tax benefit?

One of the biggest controversies surrounding round-up campaigns is who reaps the tax benefits: the customer who rounds up or the business running the fundraiser?

There is a lot of [misinformation](#) swirling around out there on social media, but tax experts have set the record straight: The customer who donates the money gets the tax benefit. When you opt to round up your purchase and donate to charity, the business where you make the transaction is merely serving as a go-between. They pool their customers' funds and then hand them off to the charity, Renu Zaretsky, a writer at the Urban-Brookings Tax Policy Center, told [the Associated Press](#). The business is just a holding agent and cannot report the donated funds as a charitable donation.

Walmart launched a round-up campaign in 2022 that allows customers to pick a verified charity to donate to. Customer donations are [sent directly](#) to a third-party platform where nonprofits can track the campaign and receive their funds. Nonprofits such as [Operation Homefront](#), which raises money to support military families, have raised [millions](#) through this campaign. Sometimes, Walmart even matches donations, meaning if a customer donates 20 cents, the store does too. (Now when stores match donations like this, they are the ones donating and receive a tax benefit.)

The customer reaps all the tax benefits of the donation so long as you include it on your tax form, which most people don't. Read more about how to do that [here](#).

While stores cannot write off the donations they receive from customers who round up their purchases, there is another similar type of [fundraiser](#) out there that does allow businesses to gain a tax benefit. When businesses elect to donate a portion of their sales to a charity — meaning the business is taking some of their regularly earned income and giving it to charity — then they can write off that expense in their taxes. But this is not the same as a round-up campaign.

How transparent are companies about how much they raise?

Generally, for-profit companies are not legally required to disclose how much money they raise for charities during round-up campaigns or other fundraising efforts. [Less than half](#) of the states in the US have laws in place that address charitable promotions, and these laws vary drastically in terms of transparency, record-keeping, and advertising. Some states — such as California, Massachusetts, and New York — have more stringent laws.

Short of legally binding requirements, many reputable companies still publish annual donation reports or corporate social responsibility reports that detail how much they may have raised and where that money has gone. But, again, the quality of these reports varies from company to company, as my colleague Sam Delgado has [previously written](#).

One of the biggest questions surrounding round-up campaigns and other charitable donations is how much of the donation actually goes to the cause versus administrative costs or overhead. Although there is no universal legal limit on how much of a round-up donation can go to cover fees, some states regulate this or require charities to disclose where exactly donations go. Charity watchdogs recommend that at least [65 percent to 70 percent](#) of total funds raised go toward program expenses. (Most charities need to use some donations to cover bare minimum costs such as for staff, advertising, or office space.)

Rather than worry about how Petco is interfacing with a local animal shelter, perhaps the better move is to get familiar with the charities you do believe in beforehand. It's hard to evaluate whether to give money when you're just trying to get home before your ice cream melts. Evaluating certain causes through donation reports or a charity watchdog — such as [CharityWatch](#) or [Charity Navigator](#) — ahead of time might spare you some distress. Here are Future Perfect's recommended charities for [climate](#), [animals](#), and [health](#). And yes, even a few cents can go a long way!