

Community Foundation Tax Credit
Updated 3-25-04

INDIVIDUAL TAXPAYERS

	Single, <u>Nonitemizer</u>	Married, Nonitemizer	Single, <u>Itemizer</u>	Married, <u>Itemizer</u>	Single, <u>Itemizer</u>	Married, <u>Itemizer</u>	Single, <u>Itemizer</u>	Married, <u>Itemizer</u>	Single, <u>Itemizer</u>	Married <u>Itemizer</u>	Single, <u>Itemizer</u>	Married, <u>Itemizer</u>
Federal Marginal Income Tax Rate Amount of Gift	N/A \$200	N/A \$400	15% \$200	15% \$400	25% \$200	25% \$400	28% \$200	28% \$400	33% \$200	33% \$400	35% \$200	35% \$400
<u>Impact on State Taxes:</u> *												
Amount of gift	\$200	\$400	\$200	\$400	\$200	\$400	\$200	\$400	\$200	\$400	\$200	\$400
x State Tax Credit	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
= State Tax Savings	\$100	\$200	\$100	\$200	\$100	\$200	\$100	\$200	\$100	\$200	\$100	\$200
<u>Impact on Federal Taxes:</u>												
Amount of gift	\$200	\$400	\$200	\$400	\$200	\$400	\$200	\$400	\$200	\$400	\$200	\$400
x Marginal Federal Tax Rate	N/A	N/A	15%	15%	25%	25%	28%	28%	33%	33%	35%	35%
= Federal Tax Savings	\$ 0	\$ 0	\$ 30	\$ 60	\$ 50	\$100	\$ 56	\$112	\$ 66	\$132	\$ 70	\$140
<u>Total Tax Savings:</u>												
Federal Tax Savings	\$ 0	\$ 0	\$ 30	\$ 60	\$ 50	\$100	\$ 56	\$112	\$ 66	\$132	\$ 70	\$140
+ State Tax Savings	100	200	100	200	100	200	100	200	100	200	100	200
= Total Tax Savings **	\$100	\$200	\$130	\$260	\$150	\$300	\$156	\$312	\$166	\$332	\$170	\$340
<u>Actual Cost of Gift:</u>												
Amount of gift	\$200	\$400	\$200	\$400	\$200	\$400	\$200	\$400	\$200	\$400	\$200	\$400
- Total Tax Savings	100	200	130	260	150	300	156	312	166	332	170	340
= Donor's Actual Cost	\$100	\$200	\$ 70	\$140	\$ 50	\$100	\$ 44	\$ 88	\$ 34	\$ 68	\$ 30	\$ 60

* State tax liability must be at least \$100 for single, \$200 for married persons.

** Please note that the savings in Michigan taxes may reduce the amount of the State income tax deduction on the Federal return the following year.

Footnote: This example assumes that there is no reduction in the state and local tax deduction on the U. S. individual income tax return for the subsequent year. Some taxpayers may have a reduction in the state and local tax deduction if the credit results in a refund check from the State. Other taxpayers will not have a reduction in the state and local tax deduction because they are either not itemizing deductions or the itemized deductions are subject to phase-out.

This chart was prepared by Clark Hill PLC on behalf of the Council of Michigan Foundations.

The information is for illustrative purposes only. Check with your tax advisor about your personal circumstances.