

THE MICHIGAN COMMUNITY FOUNDATION TAX CREDIT

The **Grand Traverse Regional Community Foundation** is a **certified Michigan Community Foundation** and donors may be eligible for the **Michigan Community Foundation Tax Credit**. The State of Michigan provides a state tax credit for gifts to certified community foundations in Michigan. Only gifts to **permanent endowment funds** are eligible for the Michigan Community Foundation Tax Credit. Be sure to enter 46 (our community foundation number) on your state tax form.

Contributions to the Unspendable or Permanent portion of Component Endowment Funds of the Grand Traverse Regional Community Foundation are eligible for the Michigan Community Foundation Tax Credit. Checks should be made payable to the Grand Traverse Regional Community Foundation with the name of the Endowment Fund noted.

Here's how the tax credit works:

For both individuals and corporations, the law permits a taxpayer to reduce Michigan income tax by a credit of 50 percent of the amount contributed to our Community Foundation, subject to a maximum credit of:

- * \$100 for an individual filing singly (based on a \$200 donation)
- * \$200 for a married couple filing jointly (based on a \$400 donation)
- * \$5,000, or 10 percent of tax liability before claiming any credits, whichever is less, for a resident estate or trust (based on a \$10,000 gift)
- * \$5,000 or 5 percent of tax liability before claiming any credits, whichever is less, for taxpayers filing Michigan Single Business Tax return-based on a \$10,000 gift

EXAMPLE: MARRIED COUPLE

Actual cost of a \$400 gift to the Grand Traverse Regional Community Foundation could be as little as \$144. Assume a Federal Marginal Income tax rate of 28 percent. The savings from federal taxes would amount to \$56, the savings from state taxes would be half the gift, or \$200. Total tax savings would be \$256, leaving an actual cost to the donor of only \$144.

EXAMPLE: CORPORATIONS

Actual cost of a \$10,000 gift to the Grand Traverse Regional Community Foundation could be as little as \$3,300. Assumed a projected State Income Tax liability of \$100,000 and a Federal Marginal Income Tax rate of 24 percent. The savings from federal taxes would amount to \$1,700, the savings from state taxes would be half the gift, or \$5,000. Total savings would be \$6,700 leaving an actual cost to the corporation of only \$3,300.

NOTE:

This information is for the purposes of illustration only.

Your individual tax situation should be discussed with your personal or corporate tax adviser.