



community foundation™

Muskegon County

What Is the Tax Credit All About?

An exciting opportunity awaits you as a result of the Michigan Income Tax legislation.

Taxpayers can generate a total contribution to the *Community Foundation for Muskegon County* worth more than three times its actual out-of-pocket cost! This astonishing effect is created via the Michigan Tax Credit for Community Foundations.

Here's the way it works -- for both individuals and corporations:

The law permits a taxpayer to reduce Michigan Income Tax or Single Business Tax liability by a credit of 50% of the amount contributed to a community foundation, subject to a maximum credit of:

- a. \$100 for an individual filing singly
(Based on a \$200 contribution)
- b. \$200 for a married couple filing jointly
(for a \$400 contribution)
- c. \$5,000 or 10% of tax liability before claiming any credits, whichever is less, for a resident estate or trust
(for a \$10,000 contribution)
- d. \$5,000 or 5% of tax liability before claiming any credits, whichever is less, for taxpayers filing Michigan Single Business Tax returns (for a \$10,000 contribution)

See other side of this insert for examples of what a gift to a community foundation might actually cost you under this provision of the Michigan tax code.

EXAMPLES

INDIVIDUALS:

Actual cost of a \$200 gift to the Community Foundation for Muskegon County could be as little as \$72.50. Assume a Federal Marginal Income Tax rate of 27.5%.

The savings from federal taxes would amount to \$27.50; the savings from state taxes would be half the gift, \$100. Total tax savings would be \$127.50, leaving an actual cost to the donor of only \$72.50.

MARRIED COUPLE:

Actual cost of a \$400 gift to the Community Foundation for Muskegon County could be as little as \$145. Assume a Federal Marginal Income Tax rate of 27.5%.

The savings from federal taxes would amount to \$55; the savings from state taxes would be half the gift, \$200. Total tax savings would be \$255, leaving an actual cost to the donor of only \$145.

CORPORATION:

Actual cost of a \$10,000 gift to the Community Foundation for Muskegon County could be as little as \$3,300. Assume a projected State Income Tax liability of \$100,000 and a Federal Marginal-Income Tax rate of 34%.

The savings from federal taxes would amount to \$1,700; the savings from state taxes would be half the gift, \$5,000. Total tax savings would be \$6,700, leaving an actual cost to the corporation of only \$3,300.

For further information, please contact the Foundation office at (231) 722-4538.

Note: This information is for illustration only. Your particular tax situation should be discussed with your personal or corporate tax advisor.

For good. For ever.™

