

Give more for less in 2011

Michigan Community Foundation
Tax Credit expires December 31.



When you, your family, or business create an endowed fund *or make a gift to an existing community foundation endowed fund, your dollars go farther through a 50 percent Michigan Community Foundation Tax Credit available only for donations through December 31.*

How it works

Current law permits taxpayers to reduce their Michigan Income Tax or Michigan Business Tax liability by a credit of 50 percent of the amount contributed to an endowment fund at the Saginaw Community Foundation.

- If you contribute \$200 or more, your tax credit will be \$100 (maximum credit) for an individual filing singly.
- If you and your spouse contribute \$400 or more, your tax credit will be \$200 (maximum credit) for a married couple filing jointly.
- If your business contributes \$10,000 or more, your tax credit will be \$5,000 (maximum credit) or five percent of tax liability before claiming any credits, whichever is less, for taxpayers filing Michigan Business Tax returns.

A less taxing way to give

Remember, you may take advantage of all three credits during the 2011 tax year. For example, if you are an individual and your year-end giving plan includes a gift to a community foundation endowed fund, a gift to a Michigan public university or college, and a gift to a shelter for the homeless, each gift could qualify for a special Michigan tax credit of up to 50 percent of the gift.



Saginaw

community foundation

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Michigan Community Foundation Tax Credit

The Michigan Community Foundation Tax Credit currently applies only to gifts made to endowed funds within a community foundation. This tax credit expires at the end of 2011. Examples of the impact of the tax credit on individual and corporate taxpayers are outlined below. For additional information on how the Michigan Community Foundation Tax Credit impacts you, please consult with your tax advisor.

Single Person (Non-Itemizer)

Amount of Gift: \$500 • Amount Eligible for Credit: \$200 • Federal Marginal Income Tax Rate: N/A

Impact of the Gift on Michigan State Income Taxes*	\$500 Gift – \$100 Tax Credit (50% of \$200) = \$100 Savings on Michigan State Income Taxes (SIT)
Impact of the Gift on Federal Income Taxes	Not Applicable
Total Tax Savings	\$100 Savings on Michigan State Income Taxes + \$0 Savings on Federal Taxes = \$100 Total Savings
Actual Cost of Gift	\$500 Gift – \$100 Total Tax Savings = \$400 Actual Cost of Gift

Married Couple Filing Jointly (Itemizers)**

Amount of Gift: \$1,000 • Amount Eligible for Credit: \$400 • Federal Marginal Income Tax Rate: 28%

Impact of the Gift on Michigan State Income Taxes*	\$1,000 Gift – \$200 Tax Credit (50% of \$400) = \$200 Savings on Michigan State Income Taxes (SIT)
Impact of the Gift on Federal Income Taxes***	(\$1,000 Gift – \$200 SIT Reduction) x 28% Marginal Tax Rate = \$224 Savings on Federal Taxes
Total Tax Savings	\$200 Savings on Michigan State Income Taxes + \$224 Savings on Federal Taxes = \$424 Total Savings
Actual Cost of Gift	\$1,000 Gift – \$424 Total Tax Savings = \$576 Actual Cost of Gift

Corporation

Amount of Gift: \$10,000 • Projected Michigan Business Tax Liability: \$100,000 • Federal Marginal Income Tax Rate: 34%

Impact of the Gift on Michigan Business Tax****	\$10,000 Gift – \$5,000 Tax Credit = \$5,000 Savings on Michigan Business Tax (SBT)
Impact of the Gift on Federal Income Taxes***	(\$10,000 Gift – \$5,000 SBT Reduction) x 34% Marginal Tax Rate = \$1,700 Savings on Federal Taxes
Total Tax Savings	\$5,000 Savings on Michigan SBT + \$1,700 Savings on Federal Taxes = \$6,700 Total Savings
Actual Cost of Gift	\$10,000 Gift – \$6,700 Total Tax Savings = \$3,300 Actual Cost of Gift

Note: Financial institutions and insurance companies are not eligible for these credits.

* State income tax liability must be at least \$100 for a single person; \$200 for married persons.

** Federal Tax Rate effective as of May 2003.

*** Tax credit reduces itemized deductions for state income taxes on federal tax returns the year following the deduction.

**** Tax credit equals the smallest of 1) 50 percent of the amount contributed; 2) 5 percent of net SBT liability; or 3) \$5,000.

