



**Jackson**

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community foundation<sup>SM</sup>

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For **good.** For **ever.**<sup>®</sup>

## **2011: Final Year for Charitable Tax Credits**

Changes to the Michigan tax code signed into law in this year will include elimination of charitable tax credits beginning in 2012. This represents an important opportunity in 2011 for Michigan residents and businesses to make a much-valued contribution to the community that is also supported by the state tax code.

When an individual, family or business invests in an endowed fund with the community foundation, the Michigan Income Tax or Michigan Business Tax codes allow for up to a 50 percent return on that investment.

If an individual contributes \$200 or more, the tax credit automatically will equal \$100. If filing a dual return, a gift of \$400 or more would yield a \$200 credit. If a business contributes \$10,000 or more, the credit will be for \$5,000 or 5 percent of the total tax liability for that business, whichever is less.

For example, a business that has a federal income tax rate of 34 percent and a projected Michigan Business Tax liability of \$100,000 gives \$10,000 to an endowed community foundation fund and would receive a state tax credit of \$5,000 and a federal tax reduction of \$1,700 ( $\$10,000 - \$5,000 \times 0.34 = \$1,700$ ). This enables the business to give a \$10,000 gift for \$3,300.

Gifts and sponsorships to public radio, colleges and universities, libraries and museums, homeless shelters and food banks will also be ineligible for state tax credits after December 31, 2011.

As we move forward, it is vitally important to remember that any support of the community through a foundation donation continues to have as much value as ever, if not more value, regardless of changes to the state tax code.

If you have any questions about these Michigan tax changes, endowed giving or opportunities to partner, please contact us at (517) 787-1321 or [www.jacksoncf.org](http://www.jacksoncf.org).

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