

Community Investment Tax Credit Tax Savings Examples

Situations Vary. Consult a professional tax advisor.

| | Individual, Itemized 35% Tax Bracket | Individual, AMT- ¹ 28% Tax Bracket | Corporation, Business 35% Tax Bracket | Nonprofit |
|--|---|--|--|------------|
| Donation | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 |
| CITC | \$ (5,000) | \$ (5,000) | \$ (5,000) | \$ (5,000) |
| Federal Charitable Tax Deduction - ² | \$ (3,500) | \$ (2,800) | \$ (3,500) | |
| 1st Year Tax Savings | \$ 8,500 | \$ 7,800 | \$ 8,500 | \$ 5,000 |
| 1st Year Out-of-Pocket Cost | \$ 1,500 | \$ 2,200 | \$ 1,500 | \$ 5,000 |
| Possible 2nd Year "Add Back" - ³ | \$ 1,750 | N/A | \$ 1,750 | N/A |
| Possible Final Out-of-Pocket Cost - ⁴ | \$ 3,250 | \$ 2,200 | \$ 3,250 | \$ 5,000 |

1 - Alternative Minimum Tax

2 - Donations through the CITC program qualify for the Federal Charitable Tax Deduction on the **TOTAL** donation.

3 - A donor's federal income tax may be impacted in the subsequent year depending on their individual tax situation. Because state tax payments can be tax deductible, a reduction in state taxes may reduce your federal deduction, thereby increasing your federal taxable income by the amount of your CITC credit/refund. At most, the year 2 federal tax impact will be half the year 1 federal tax savings. In contrast, taxpayers subject to the Alternative Minimum Tax will not be impacted in this manner. **Please consult a tax advisor regarding specific situations.**

4 - Please consult a professional tax advisor to determine the final out-of-pocket cost for specific donors.