

## Michigan Tax Credit, *continued* Tax Savings and Actual Cost of Gifts



Sample Chart 1: **MARRIED COUPLE** (Federal Tax Rate 28%, Itemizers)

Impact of the gift on MI State Tax	\$400	x	50%	= \$200
	(gift amount)		(state credit)	(max. savings)
Impact of the gift on Federal Tax	\$200	x	28%	= \$ 56
	(net gift amount)		(federal rate)	(savings)
<b>Total tax savings.....</b>				<b>\$256</b>
<b>Actual cost of gift</b>	\$400	less	\$256	= <b>\$144</b>
	(gift amount)		(total savings)	(cost)

Sample Chart 2: **SINGLE PERSON** (Federal Tax Rate 28%, Itemizer)

Impact of the gift on MI State Tax	\$200	x	50%	= \$100
	(gift amount)		(state credit)	(max. savings)
Impact of the gift on Federal Tax	\$100	x	28%	= \$ 28
	(net gift amount)		(federal rate)	(savings)
<b>Total tax savings.....</b>				<b>\$128</b>
<b>Actual cost of gift</b>	\$200	less	\$128	= <b>\$ 72</b>
	(gift amount)		(total savings)	(cost)

Sample Chart 3: **BUSINESS** (Federal Tax Rate 15% - 39.6%)

Your Business Contribution	\$500	\$1,000	\$5,000	\$10,000
MI Single Business Tax Credit	\$250	\$ 500	\$2,500	\$ 5,000
Reduction in Federal Tax Within Tax Rate Range	(\$38-\$99)	(\$75-\$198)	(\$375-\$990)	(\$750-\$1,980)
<b>Your net cost range</b>	<b>(\$151-\$212)</b>	<b>(\$302-\$425)</b>	<b>(\$1,510-\$2,125)</b>	<b>(\$3,020-\$4,250)</b>

The Michigan Single Business Tax Credit is limited to 50% of the amount of the gift, up to a maximum of \$5,000 (for a \$10,000 gift), or 5% of the tax liability, whichever is less.

These examples show you how to save substantial money on your charitable gift to the Dickinson Area Community Foundation. However, you should check with your financial advisor or tax consultant for actual numbers regarding your specific situation.