



## Michigan Tax Credit

Donors to the Dickinson Area Community Foundation endowment funds are allowed to claim an income tax credit for their contributions to community foundations, thanks to the State of Michigan Tax Credit.

The Michigan Tax Credit is an incentive for individuals and corporations to support, or increase their support, to community foundations. Thus, in addition to the tax advantage donors receive from the federal government for charitable donations, they also receive a state tax credit of half their gift, subject to a maximum amount. All in all, it costs less to do more for the community through charitable giving – a win/win situation indeed!

Enacted in 1989, the original state tax credit allowed Michigan taxpayers to reduce their tax liability by one-half of the amount donated to a community foundation, up to a maximum amount. In those first five years, from 1988 to 1993, contributions to foundations more than doubled.

The President and CEO of a local company states, “Because of the tax credit, it makes good business sense to give a charitable donation to a community foundation...” Foundations, like the Dickinson Area Community Foundation, do “an outstanding job of strengthening our community and making it a vibrant, thriving place, which is the ideal business environment.”

For more information about the Michigan Tax Credit and how you or your business can benefit through gifts to the Foundation, contact Debra J. Flannery, Executive Director, at 906-774-3131, or ask for one of our “What Is The Tax Credit All About” information sheets.

In general, here’s the way it works for individuals, couples, estates and corporations:

The law permits a taxpayer to reduce Michigan income tax or Single Business Tax liability by a **credit** of 50 percent of the amount contributed to a community foundation, subject to a maximum credit as follows:

- \$100 for an **individual** filing singly (for a \$200 donation)
  - \$200 for a **married couple** filing jointly (based on a \$400 donation)
  - \$5,000 or 10 percent of tax liability before claiming any credits, whichever is less, for a **resident estate or trust** (based on a \$10,000 gift); and,
  - \$5,000 or 5 percent of tax liability before claiming any credits, whichever is less, for taxpayers filing **Michigan Single Business Tax** returns (based on a \$10,000 gift).
- Refer to the chart on the following page for actual tax saving examples.