

## About Michigan Tax Credits

The law permits a taxpayer to reduce Michigan Income Tax or single Business Tax liability by a credit of 50% of the amount contributed to Kuyper College, subject to a maximum credit of:

- a. \$100 for an individual filing singly (based on a \$200 contribution)
- b. \$200 for a married couple filing jointly (for a \$400 contribution)
- c. \$5,000 or 10% of tax liability before claiming any credits, whichever is less, for a resident estate or trust (for a \$10,000 contribution)
- d. \$5,000 or 5% of tax liability before claiming any credits, whichever is less, for taxpayers filing Michigan Single Business Tax returns (for a \$10,000 contribution)

### EXAMPLES:

**Individuals filing singly:** Actual cost of a \$200 gift to Kuyper College could be as little as \$44, assuming a Federal Income Tax rate of 28%. The federal tax deduction would be \$56 and savings from state taxes would be half the gift, \$100. Total tax savings would be \$156, leaving an actual cost of the gift of only \$44.

**Individuals filing jointly:** Actual cost of a \$400 gift to Kuyper College could be as little as \$56, assuming a Federal Income Tax rate of 36%. The federal tax deduction would be \$144 and savings from state taxes would be half the gift, \$200. Total tax savings would be \$344, leaving an actual cost of the gift of only \$56.

**Corporations:** Actual cost of a \$10,000 gift to the College could be as little as \$3,300. Assume a projected State Single Business Tax liability of \$100,000 and a Federal Marginal Income Tax rate of 34%. The savings from federal taxes would amount to \$1,700; the savings from state taxes would be half the gift, \$5,000. Total tax savings would be \$6,700, leaving an actual cost to the corporation of only \$3,300.

*Kuyper College is unable to provide tax advice regarding your contributions. We recommend you contact your tax consultant with any questions regarding your specific situation.*