

# Endow Kentucky Tax Credit Program

**\$1,000,000 In Tax Credits Are Available July 1!**

## WHAT IS ENDOW KENTUCKY?

The Endow Kentucky Tax Credit Program offers you a unique opportunity to receive a state tax credit toward your Kentucky Income Tax after making a contribution to permanent endowment funds at qualified community foundations. Endowment funds are for those who want to give today and long into the future. These funds are held in perpetuity and produce an annual payout.

A total of \$1,000,000 is available to taxpayers, individual and corporations, through the Endow Kentucky Tax Credit Program. You are eligible to receive up to a 20% income tax credit (not to exceed \$10,000) per taxable year. **A new allotment of tax credits is available on July 1 each year.**

## IMPACT OF THE TAX CREDIT

To determine the personal impact of receiving your tax credit, you should consult your financial advisor or accountant. Any tax credit that cannot be used in the current tax year may be carried forward for five years. This is a tax credit, not a deduction. A tax credit lowers your tax bill dollar for dollar regardless of your tax bracket.

## GIVE AND YOU SHALL RECEIVE: *Tax Bracket Examples*

### 39.6% Tax Bracket

#### Qualifying Donation

(What Charity Gets)

|                                                     |        | <b>\$10,000</b>   | <b>\$20,000</b>   | <b>\$50,000</b>    |
|-----------------------------------------------------|--------|-------------------|-------------------|--------------------|
| <i>Federal Deduction*</i>                           | 39.60% | (\$3,960.00)      | (\$7,920.00)      | (\$19,800.00)      |
| <i>State Deduction*</i>                             | 6.00%  | (\$600.00)        | (\$1,200.00)      | (\$3,000.00)       |
| <i>Tax Credit*</i>                                  | 20.00% | (\$2,000.00)      | (\$4,000.00)      | (\$10,000.00)      |
| <i>Net Cost of Donation*</i><br>(What it Costs You) |        | <b>\$3,440.00</b> | <b>\$6,880.00</b> | <b>\$17,200.00</b> |

### 28.0% Tax Bracket

#### Qualifying Donation

(What Charity Gets)

|                                                     |        | <b>\$10,000</b>   | <b>\$20,000</b>   | <b>\$50,000</b>    |
|-----------------------------------------------------|--------|-------------------|-------------------|--------------------|
| <i>Federal Deduction*</i>                           | 28.00% | (\$2,800.00)      | (\$5,600.00)      | (\$14,000.00)      |
| <i>State Deduction*</i>                             | 6.00%  | (\$600.00)        | (\$1,200.00)      | (\$3,000.00)       |
| <i>Tax Credit*</i>                                  | 20.00% | (\$2,000.00)      | (\$4,000.00)      | (\$10,000.00)      |
| <i>Net Cost of Donation*</i><br>(What it Costs You) |        | <b>\$4,600.00</b> | <b>\$9,200.00</b> | <b>\$23,000.00</b> |

*\* Every individual's tax situation is different. This illustration is to be viewed as a hypothetical example of a cash donation only and is in no way meant to provide tax, legal or financial advice. Please consult your financial advisor or accountant regarding your eligibility for charitable tax deductions and/or tax credits.*

## WHAT GIFTS QUALIFY FOR THE ENDOW KENTUCKY TAX CREDIT?

Gifts can be cash or appreciated assets, and must be made to a qualified community foundation. Gifts to non-endowed funds do not qualify for the Endow Kentucky Tax Credit.

Below is a list of options for utilizing the Endow Kentucky Tax Credit at Blue Grass Community Foundation:

- Establish or add to an endowed charitable fund (community funds or donor advised funds)
- Establish or add to an endowed scholarship fund
- Establish or add to a designated endowment fund
- Donate to one of the Community Foundation's existing endowment funds including
  - The Civic Leadership Fund (Operating Endowment Fund)
  - The Fund for Greater Lexington
  - The Fund for Appalachia Kentucky

The minimum contribution to open an endowed charitable fund is \$10,000 for an individual and \$2,500 for a nonprofit organization. The minimum to establish an endowed scholarship fund is \$50,000.

## HOW IS BLUE GRASS COMMUNITY FOUNDATION INVOLVED?

Blue Grass Community Foundation has been approved by the Endow Kentucky Commission as a qualified community foundation to participate in the Endow Kentucky Tax Credit program. We are happy to assist you with this opportunity in making a lasting commitment to the community. Contact Lisa Adkins ([ladkins@bgcf.org](mailto:ladkins@bgcf.org)) or Allison Lankford ([alankford@bgcf.org](mailto:alankford@bgcf.org)) at 859.225.3343 to get started today.

## APPLYING FOR THE ENDOW KENTUCKY TAX CREDIT

Applying for your Endow Kentucky Tax Credit is simple. Please use the following steps to ensure you receive your Endow Kentucky Tax Credit.

### ONE:

You must **file an application for preliminary authorization of the tax credit with the Department of Revenue** (DOR). For additional information visit: [www.revenue.ky.gov/endowedkytaxcredit.htm](http://www.revenue.ky.gov/endowedkytaxcredit.htm) or call 502.564.8139. We are also happy to assist you with any questions you may have.

### TWO:

After receiving the approved preliminary authorization form please **mail, fax or email a copy to Blue Grass Community Foundation** (859.243.0770) or Brian Dineen ([bdineen@bgcf.org](mailto:bdineen@bgcf.org)). Please keep a copy for your records.

### THREE:

**Within 30 days** of receiving the approval letter from the Department of Revenue, you must **make the contribution** to an endowment fund at the Community Foundation.

### FOUR:

Within 10 days of making the gift, Blue Grass Community Foundation will send proof of the gift to the Department of Revenue by filing the Notice of Endow Kentucky Tax Credit and Certification form. The Department of Revenue will then review the provided proof and issue a letter of final approval.

**Don't miss out on this unique opportunity to spur development and growth in Kentucky.**