

The ND Tax Credit is still here!

North Dakota has established a Tax Credit (ND Century Code 57-38-01.21) that allows individuals, businesses, trusts, and estates to take advantage of a 40% state tax credit for contributions of \$5,000 or more to qualified ND charitable endowment funds. Even better, the unused portion of that state tax credit can be carried forward for three years.

Your donation to the St. Joseph Endowment Fund can go farther and cost you less.

Take a look at the following example:

A North Dakota taxpayer in the 25% tax bracket makes a *donation of \$25,000.*

After taking advantage of an estimated federal tax savings of \$6,250 and a ND Income tax credit of \$10,000, *the cost of that \$25,000 donation is just*

\$8,750!

You have to like those numbers!

General Tax Benefits:

15%
marginal tax rate on individual return

Gift Amount	\$5,000	\$10,000	\$20,000	\$25,000	\$50,000
Federal Estimated Tax Savings*	(\$750)	(\$1,500)	(\$3,000)	(\$3,750)	(\$7,500)
ND Income Tax Credit**	(\$2,000)	(\$4,000)	(\$8,000)	(\$10,000)	(\$20,000)
Net Cost of Contribution	\$2,250	\$4,500	\$9,000	\$11,250	\$22,500

25%
marginal tax rate on individual return

Gift Amount	\$5,000	\$10,000	\$20,000	\$25,000	\$50,000
Federal Estimated Tax Savings*	(\$1,250)	(\$2,500)	(\$5,000)	(\$6,250)	(\$12,500)
ND Income Tax Credit**	(\$2,000)	(\$4,000)	(\$8,000)	(\$10,000)	(\$20,000)
Net Cost of Contribution	\$1,750	\$3,500	\$7,000	\$8,750	\$17,500

35%
marginal tax rate on individual return

Gift Amount	\$5,000	\$10,000	\$20,000	\$25,000	\$50,000
Federal Estimated Tax Savings*	(\$1,750)	(\$3,500)	(\$7,000)	(\$8,750)	(\$17,500)
ND Income Tax Credit**	(\$2,000)	(\$4,000)	(\$8,000)	(\$10,000)	(\$20,000)
Net Cost of Contribution	\$1,250	\$2,500	\$5,000	\$6,250	\$12,500

* Assuming the marginal tax rate on an individual return is as listed and the donor can benefit from itemizing deductions on Federal Schedule A.

** Assuming ND income taxes would be high enough over a four-year period to use up the credit. (Current year, plus three years carry forward.)

North Dakota individual income tax rates are currently in the range of approximately 2% to 4% of federal taxable income.

The general provisions of North Dakota's Tax Credit (ND Century Code 57-38-01.21) are as follows:

- 1) A 40% state income tax credit can be taken on contributions to qualified North Dakota-based charitable endowment funds.
- 2) Contributions can be made by individuals, businesses, trusts, or estates.
- 3) To qualify, the contribution must be a minimum of \$5,000.
- 4) The maximum North Dakota tax credit is \$10,000 for single tax filers and \$20,000 for those who are married and filing jointly. The maximum tax credit for a single individual would be \$10,000, equal to 40% of a \$25,000 contribution. The maximum tax credit for a married couple would be \$20,000, equal to 40% of a \$50,000 contribution.
- 5) The unused portion of the North Dakota state income tax credit can be carried forward for three years.

Make checks out to the Catholic Foundation and add St. Joseph Endowment on the memo line.

Send checks to: Catholic Foundation, PO Box 1137, Bismarck, ND 58502-1137.

For more information, contact Kim Dvorak at 701-204-7206, kdvorak@bismarckdiocese.com

The bottom line: Nothing in this publication is intended to provide legal or tax advice. For the information most pertinent to your situation, please bring this document to your tax preparer and ask how the North Dakota Tax Credit can enrich your contributions.