



Young
Audiences
Arts for
Learning

Maryland

HOW A TAX CREDIT WILL BENEFIT YOUR COMPANY

Mr. John Doe of The Acme Company makes a generous donation of \$2,500 to Young Audiences. He mails YA the check along with the Certification of Contribution Form. YA signs off on the form and submits it to the state of Maryland for him.

The company will receive a Community Investment Tax Credit of \$1,250 (50% of the donation) from the state, which will reduce the amount of Maryland tax the company owes by \$1,250.

The company may also list the donation amount (\$2,500) on its federal and state income tax form as a charitable contribution, reducing its taxable income based on a formula determined by its tax bracket.

If The Acme Company is in the 25% federal tax bracket, this means the company will reduce its taxable income by \$625 on its federal tax return and \$206 on its Maryland tax return, for a total of \$831. If your company is in a higher tax bracket, it will receive even more savings on the donation.

The company's \$2,500 donation has resulted in a total savings of \$2,081 or simply cost the company \$419 (just 17% of the funds contributed).

*The 25% corporate federal tax bracket begins with annual taxable income over \$50,000.