



Young
Audiences
Arts for
Learning
Maryland

HOW A TAX CREDIT WILL BENEFIT YOU

Ms. Jane Doe makes a generous donation of \$500 to Young Audiences. She mails YA the check along with the Certification of Contribution Form. YA signs off on the form and submits it to the State for her.

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

She may also list her donation amount (\$500) on her federal and state income tax form (Schedule A - Itemized Deductions) as a charitable contribution, reducing her taxable income based on a formula determined by her tax bracket.

If Jane is in the average 25% federal tax bracket, this means she will reduce her taxable income by \$125 on her federal tax return and \$38 on her Maryland tax return, for a total of \$163. If you are in a higher tax bracket, you will receive even more savings on your donation.

Her \$500 donation has resulted in a total savings of \$413 or simply cost her just \$87.

The 25% tax bracket:

Mr. & Mrs. Doe (married couple filing jointly)
Combined annual taxable income - \$67,901+

Ms. Jane Doe (single)
Annual taxable income - \$33,951+