

Donations to Forgotten Harvest

The State of Michigan provides a special Tax Credit for charitable gifts made to certified hunger relief organizations. The purpose of this tax credit is to encourage individuals and corporations to help relieve hunger in our state. Donations to Forgotten Harvest, subject to certain limitations, are deductible as a charitable contribution for federal income tax purposes. In addition, the State of Michigan provides an additional Michigan Tax Credit, if certain conditions are met, for donations to the organization equal to 50% of the donation. Our organization received formal notification that Forgotten Harvest qualifies as a Food Bank.

Individual Taxpayers

Married taxpayers are allowed a Michigan Income Tax Credit equal to the lesser of 50% of the donation or \$200. Single taxpayers are allowed a Michigan Income Tax Credit equal to the lesser of 50% of the donation or \$100. This credit is in addition to the federal charitable contribution deduction permitted as an itemized deduction.

Single Taxpayer Example		Married Taxpayer Example	
Contribution	\$200	Contribution	\$400
Approximate Federal tax reduction (35%)	70	Approximate Federal tax reduction (35%)	140
Michigan Tax Credit	<u>100</u>	Michigan Tax Credit	<u>200</u>
Net cost to you	\$30	Net cost to you	\$60

Business Taxpayers

Corporate taxpayers, S Corporations, Partnerships and Limited Companies are permitted a credit against their Michigan Single Business Tax liability equal to 50% of donations up to \$10,000. The credit cannot exceed the lesser of 5% of the taxpayer's tax liability before the credit or \$5,000. This credit is in addition to the Federal income tax deduction the Shareholders/Partners will be entitled to based on their allocated share of the donation. Their Shareholders/Partners are also permitted a Michigan income tax credit, subject to the limitations discussed above, for their share of the donation.

Corporate taxpayers	S Corporations, Partnerships, Limited Liability Companies & Partnerships
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Contribution	\$10,000	Contribution	\$10,000
Approx. Federal tax reduction	3,400	Approx. Donor MI tax credit	200
Approx. Michigan tax reduction	190	Donor MI tax credit	5,000
Michigan Tax Credit	<u>5,000</u>	Approx. Shareholder/Partner Fed. tax reduction	3,500
Net cost of contribution	\$1,410	Approx. Shareholder/Partner MI Tax Credit	<u>200</u>
		Net cost of contribution	\$1,100