

North Dakota Tax Credit for Charitable Giving

There are considerable advantages to donating to a qualified North Dakota endowment fund. All of North Dakota Community Foundation's endowment funds are managed as 'qualified North Dakota endowment funds'.

State Tax Credit for Endowment Gifts

Businesses (C corporations, S corporations, estates, limited liability companies, trusts, and financial institutions) that pay ND income tax may take a 40% credit up to a total of \$10,000 for gifts to the qualified endowment fund of a qualified North Dakota charity.

Individuals may receive a state tax credit for a contribution for \$5,000 or more (lump sum or aggregate in one year) to a qualified North Dakota endowment. The tax credit is 40% of the charitable deduction allowed by the IRS up to a maximum credit of \$10,000 per year per taxpayer or \$20,000 per year per couple filing jointly.

In all of the above, the credit may be carried forward for 3 additional tax years if it cannot all be used in one year.

The table below shows the estimated cost of a gift to a ND qualified endowment fund for donors in the 32% tax bracket:

Gift Amount	\$5,000	\$10,000	\$25,000	\$50,000
Estimated Federal Tax Savings	(\$960)	(\$1,920)	(\$4,800)	(\$9,600)
ND State Income Tax Credit	(\$2,000)	(\$4,000)	(\$10,000)	(\$20,000)
Net Cost of Gift	\$2,040	\$4,080	\$10,200	\$20,400

In addition, there is a tax credit available to people who make a deferred gift.

State Tax Credit for Planned or Deferred Gifts

Individuals may make a qualified deferred gift to a qualified North Dakota nonprofit organization. The North Dakota Community Foundation and all of its component funds are considered qualified charities. The tax credit is 40% of the charitable deduction allowed by the IRS up to a maximum of \$10,000 per year per taxpayer or \$20,000 per year per couple filing jointly.

For example, a couple enters into a \$200,000 charitable gift annuity agreement with the North Dakota Community Foundation. The IRS allows them to deduct the charitable portion of the annuity (varies, but usually around 50% of the value of the annuity) from their federal taxable income as a charitable gift. The couple would qualify for a \$20,000 ND Income tax Credit. They could take up to 4 years to take the credit against their ND Income tax liability. The credit is limited to the amount of their income tax liability.

For more information or to discuss charitable giving vehicles, please contact one of NDCF's staff members below:

NDCF Bismarck Office:

Kevin or Kara: (701) 222-8349

NDCF Eastern ND Office:

Amy: (701) 741-3193

NDCF Western ND Office:

John: (701) 590-4614

Nothing in this document is intended to provide legal or tax advice. Federal Treasury Department rules regarding deductibility of state income tax credits may change your federal tax benefits. Please consult a tax advisor.

www.NDCF.net

www.BadlandsConservationAlliance.org

