

NORTH DAKOTA TAXPAYERS MAY RECEIVE A 40% TAX CREDIT FOR GIFTS TO ENDOWMENTS

NORTH DAKOTA TAXPAYERS MAY RECEIVE CREDIT FOR GIFTS TO ENDOWMENTS

North Dakota legislators continue to move the state to the cutting edge of state charitable income tax credits with legislation providing tax credits for gifts made to qualified North Dakota endowments.

Barely a handful of states offer charitable tax credits of any kind, and only one other state offers credits similar to what North Dakota now offers. This tax credit makes it possible for individuals and financial institutions to give more, and through their contributions, have a greater impact on the state's quality of life.

A qualified endowment is defined as an "irrevocable fund held by a North Dakota incorporated or established organization that is a qualified non-profit organization; or a bank or trust company holding the fund on behalf of a qualified non-profit organization."

An endowment is a fund held by a tax-exempt organization where the principal of the fund is not wholly expendable. Only the interest and appreciation earned in an endowment fund can be used for current operations.

BUSINESSES AND FINANCIAL INSTITUTIONS

Businesses and financial institutions (C corporations, S corporations, estates, limited liability companies and trusts) that make gifts to qualified endowments may qualify for a state income tax credit, which amounts to 40 percent of the value of the gift, up to a maximum credit of \$10,000 per year. Any unused credit may be carried forward for up to three taxable years.

INDIVIDUALS

Planned gifts by individuals qualify for an income tax credit of 40 percent for gifts up to \$10,000 per person, \$20,000 for a married couple with any excess unused credit to carry forward 3 years. This tax credit for planned gifts is also unique to North Dakota and gives North Dakotans a remarkable opportunity to make meaningful gifts to their favorite charities and get significant reduction in their income tax bills.

An individual may receive a 40 percent tax credit for contributions of \$5,000 or more (lump sum or aggregate in one year) to a qualified North Dakota endowment. If a donor is in a 28 percent federal tax bracket, the tax benefit may look like this:

GIFT AMOUNT

\$5,000	\$25,000	\$50,000*
---------	----------	-----------

FEDERAL TAX DEDUCTION

-\$1,400	-\$7,000	-\$14,000
----------	----------	-----------

N.D. STATE INCOME TAX CREDIT

-\$2,000	-\$10,000	-\$20,000
----------	-----------	-----------

NET COST

\$1,600	\$8,000	\$16,000
---------	---------	----------

**Assumes \$50,000 was gifted by a married couple.*

Lisbon Area Health Services Foundation will work with you to attain your financial goals and fulfill your desire to support the long-term vision of Lisbon Area Health Services. The example shown above (CRAT) is just one of the many Planned Giving vehicles we have available that conform to the requirements set forth by the North Dakota State Legislature.

We look forward to visiting with you and your financial advisor.

This information is provided for educational purposes only. Please consult with your own attorney, accountant or financial advisor for advice on your particular situation.