



TAX CREDIT SCHOLARSHIP PROGRAM

The Catholic Education Foundation offers a 70% Kansas income tax credit for donations

WHO BENEFITS?

- Corporations and individuals with Kansas tax liability
- Banks that pay privilege taxes
- Insurance companies that pay premium taxes

WHAT HAPPENS TO THE DONATION?

- CEF uses it to fund scholarships for low-income students to attend Catholic schools in the Archdiocese
- Qualifying donations include checks, stocks, property, Qualified Charitable Distributions from IRAs, and more.

ADVANTAGES:

- Donor **reduces or eliminates Kansas state tax liability** (up to \$500,000)
- Tax credits can be carried forward into future tax years and do not expire (tax credits are not transferrable)

THE IMPACT:

- Since 2015, nearly 750 students have received CEF Tax Credit Scholarships to attend K-12 Catholic schools
- 99% of these students graduate from high school
- CEF scholarships help lift students out of poverty and stabilize economically challenged communities

ABOUT CEF:

- CEF is the Education Foundation of the Archdiocese of Kansas City in KS
- CEF is the **ONLY** Archdiocesan charitable organization offering state income tax credits
- CEF is a 501(c)3 charitable organization with a 20-year track record of success.

*Some restrictions apply.
Contact us for details.*

HOW TO BENEFIT FROM CEF 70% TAX CREDITS

Potential Impact of Catholic Education Foundation (CEF) Tax Credits for Kansas Taxpayers

The following sample illustrations demonstrate, at a general level, the potential impact of individual donations from \$10,000 to \$100,000 under a variety of different tax rates and scenarios.

Individual Taxpayer Assumptions

- The contribution qualifies for a 70% KS state income tax credit
- The taxpayer was able to fully utilize the credit in the current year.
- The taxpayer had sufficient itemized deductions to exceed the standard deduction of \$24,400 for married taxpayers filing jointly in 2019.
- The individual's state and local tax deduction exceeds \$10,000 and therefore the taxpayer is not eligible to deduct any additional amount of the donation as a state or local tax deduction.

Individual Taxpayer Sample Scenarios

Donation Amount:	Net Cost of Gift at Various Donation Amounts		
	\$10,000	\$50,000	\$100,000
State Tax Credit	(\$ 7,000)	(\$ 35,000)	(\$ 70,000)
Net Federal Deductible Gift	\$ 3,000	\$ 15,000	\$ 30,000
Tax Bracket	24%	35%	35%
Federal Tax Savings	(\$ 720)	(\$ 5,250)	(\$ 10,500)
Net Cost of Gift:	\$ 2,280	\$ 9,750	\$ 19,500

Corporate Taxpayer Sample Scenario

XYZ, a C corporation engaged in a trade or business, makes a donation of \$10,000 for the *CEF Tax Credit for Low Income Students Scholarship Program*. In return, XYZ receives a \$7,000 (70%) KS state tax credit. XYZ Corp may also treat \$7,000 as an ordinary and necessary business expense for federal tax purposes. The treatment of the remaining \$3,000 as a possible charitable donation will depend upon the facts and circumstances of the taxpayer and the donation.

NOTE: Pass-through entities (such as S Corporations and LLCs) which receive a state tax credit and apply it to their Kansas state income tax liability may not be eligible to treat the tax credit as an ordinary and necessary business expense on their federal return. However, they may be eligible to treat the remaining portion of the donation (\$3,000 in the example shown above) as a *charitable donation*, depending upon the specific taxpayer circumstances. (The IRS has not issued a final ruling regarding deductibility of state tax credits for pass-through entities.)

Note that there are a number of taxpayer specific factors that could impact these results. The Catholic Education Foundation does not provide tax, legal or accounting advice. Any illustrative material is prepared for information purposes only. Potential donors should consult their own tax, legal and accounting advisors. Suggested minimum donation is \$10,000. For other amounts, please contact us.

