

Southwest Enterprise Zone --Contribution Tax Credit Example

The following is one example of what can happen by investing your state income tax liability in local projects, such as the KSUT Eddie Box Jr. Media Center, and is based on the assumption that the contributor is a Colorado resident in the 28% Federal marginal income tax bracket:

You have a Colorado State Tax Liability of: \$5,000

If you make cash charitable contribution donation(s) to local EZ project(s) totaling \$5,000, you will receive a 25% state tax EZ credit of: \$1,250

You also receive a Colorado charitable contribution deduction against your 4.63% Colorado income tax rate ($\$5,000 \times 4.63\%$) giving you an additional state income tax benefit of: \$231

Leaving you a net Colorado liability of: \$3,519

You also receive a Federal charitable contribution deduction on Schedule A of: \$5,000

Multiplied by your assumed marginal federal income tax bracket of 28% gives you a net Federal Tax benefit of: \$1,400

To Summarize

Your contribution of: \$5,000

Gives you a reduction of Colorado state tax liability in the amount of: \$1,481

And a reduction of your federal tax liability in the amount of: \$1,400

The net after-tax cost of your \$5,000 contribution(s) to local EZ project(s) is: \$2,119

Remember- this is just an example of what can happen. Some Enterprise Zone projects require minimum contributions to qualify for the Colorado EZ credit. You should contact your own tax preparer for specific benefits related to your individual contribution(s). Gifts of property or stocks also may qualify for tax credit. For more information, contact Tami Graham, KSUT Executive Director at 970.563.0255 or tami@ksut.org

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