



Endow Kentucky Tax Credit

The Endow Kentucky Tax Credit enables Kentucky income taxpayers (individuals and businesses) to receive a state tax credit of up to 20 percent of a charitable gift to an endowment at a qualified community foundation for the benefit of Kentucky-based nonprofit organizations. It's a tax-smart way to provide sustained support to your favorite Kentucky nonprofits, including schools and religious institutions.

Endowments at GCF provide a permanent stream of annual funding to nonprofits, making them a perfect vehicle for legacy gifts.

On July 1, \$1 million in tax credits will become available statewide and will deplete quickly. The required, one-page application to the Department of Revenue should be submitted by July 7. Your experienced staff at GCF can assist.

Since 2011, GCF has helped donors support Kentucky nonprofits with \$7 million in tax-credited gifts to 28 endowments, including those supporting:

- BAWAC
- Brighton Center
- Center for Great Neighborhoods
- Children's Home of NKY
- Covington Partners
- Diocesan Catholic Children's Home
- Emergency Shelter of NKY
- Gateway Community and Technical College
- Learning Grove
- Life Learning Center
- Parish Kitchen
- Redwood
- St. Elizabeth Healthcare
- St. Elizabeth Hospice
- United Way, Northern Kentucky

Gifts to GCF's Northern Kentucky Fund, which provides ongoing support to nonprofits in NKY, are also tax-credit eligible.



Holly and Louis Mazzocca

The owners of Mazzocca Bros. Furniture and Antiques in Newport support the Diocesan Catholic Children's Home through a GCF endowment. Holly is also President of Bartlett Wealth Management.

"As local business owners, we believe in investing in the future of Northern Kentucky. Endow Kentucky is a perfect way to provide long-term support for the charitable organizations making a difference in our community, while also receiving an added tax benefit. The philanthropic environment in our region is a central pillar to our long-term economic growth."

How It Works

- 1 Before making a gift, the donor must file an application with the KY Department of Revenue for preliminary tax credit approval.
- 2 Within 30 days of the approval letter, the donor must make the gift to the GCF endowment.
- 3 Within 10 days of receipt, GCF will confirm the gift with the Dept., which will then issue a final approval letter to the donor.



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The tax credit (up to \$10,000 per taxpayer; \$20,000 per married couple filing jointly) may be taken against individual income tax, corporation income tax or limited liability income tax.

The tax credit is taken off the state tax bill dollar-for-dollar, and federal and state tax deductions still apply.

GCF Endow Kentucky Tax Savings

37% Tax Bracket

Qualified cash donations (to GCF endowed fund)	\$ 10,000	\$ 20,000	\$ 50,000
Federal deduction 37%*	\$ (2,960)	\$ (5,920)	\$(14,800)
State deduction 5%*	\$ (400)	\$ (800)	\$ (2,000)
Tax credit 20%*	\$ (2,000)	\$ (4,000)	\$(10,000)
Net cost of donation*(what it costs to you)	\$ 4,640	\$ 9,280	\$ 23,200
Stock gift (capital gains avoided**)20% + 3.8% NII +5% KY)	\$ (1,440)	\$ (2,880)	\$ 7,200
Net cost of donation if contribution is appreciated stock	\$ 3,200	\$ 6,400	\$ 16,000

*assuming taxpayer is in the highest tax bracket (37%) and subject to net investment tax

**capital gains calculated on assumption of 100% appreciation of stock owned for more than 1 year

This information is not a substitute for expert legal, tax or other professional advice tailored to your specific circumstances. Please consult your tax advisor.