



THE GREATER
CINCINNATI
FOUNDATION



Endow Kentucky Tax Credit

The Endow Kentucky Tax Credit enables any Kentucky taxpayer (business or individual) to receive a state tax credit of up to 20% of their charitable gift to a permanent endowment fund at their local community foundation (up to \$10,000 per taxpayer). This limited-time opportunity is only available for fiscal years 2011 and 2012. Each fiscal year has \$500,000 in tax credits available.

Unlike a tax deduction, a credit is taken off the tax bill dollar for dollar. So, if a donor has a Kentucky tax bill of \$1,000, a donation of \$5,000 through Endow Kentucky would eliminate that tax altogether (20% of \$5,000 is \$1,000).

What Gifts Qualify for the Endow KY Tax Credit?

Gifts can be cash or appreciated stock, and must be made to a qualified community foundation, such as The Greater Cincinnati Foundation (GCF). Donors may give any amount to an existing endowment at the Foundation, as long as grants support Kentucky nonprofit organizations. You have the option to start a new endowment fund or give to an existing fund in the Northern Kentucky Family of Funds, permanent funds supporting Northern Kentucky nonprofits.

OVERVIEW OF APPLICATION PROCESS:

1. Before making a gift, the donor must file an application with the Kentucky Department of Revenue for preliminary approval of the intended charitable gift. If approved, the department will issue a preliminary approval letter.
2. Within 30 days of receiving the approval letter, the donor must make the contribution to the endowment fund at GCF.
3. Within 10 days of making the gift, the donor must send proof of the gift to the department, which will review the provided proof and issue a letter of final approval.

LIMITED-TIME OPPORTUNITY

Applications for this fiscal year, which began July 1, 2011, will be accepted through June 30, 2012, or until the credits run out, whichever comes first. A total of \$500,000 in credits is available.

JUMPSTART YOUR NONPROFIT'S ENDOWMENT

Are you a nonprofit looking for a way to grow – or start – your organization's endowment? Endow Kentucky is a great way to build your endowment program.

NEED HELP

Contact Joe Saylor at 513-241-2880 to discuss your plans for making a gift that may qualify for the Endow Kentucky Tax Credit.

If you're a professional advisor, contact Suzanne Rohlfs at 513-241-2880.

For more information, ideas, and details on how to integrate your financial and estate planning with charitable giving, ask your professional advisor or contact GCF:

Phone: 513-241-2880

E-mail: info@gcfdn.org

Web site: www.gcfdn.org

Endow Kentucky Tax Credit:

www.revenue.ky.gov/endowedkytaxcredit

ENDOW KENTUCKY TAX CREDIT

- The nonrefundable credit was established for taxable years 2011 and 2012.
- The credit may be taken against individual income tax, corporation income tax and limited liability entity tax.
- The credit may be up to 20 percent (20%) of the value of the endowment gift provided by the taxpayer, not to exceed \$10,000. The credit will be less than 20% if the total credits requested exceed the total credit cap.
- Any approved Endow Kentucky Tax Credit that cannot be utilized by the taxpayer during a particular taxable year may be carried forward for use in a subsequent taxable year, for a period not to exceed 5 years.
- The total amount of the credits that may be awarded is limited to \$500,000 in each fiscal year.
- A taxpayer providing a charitable gift to a permanent endowment fund of a qualified community foundation, its affiliate foundation or county specific component fund, may file an application form for preliminary credit authorization with the Kentucky Department of Revenue. (The form requires the CFL Federal ID # 31-0997017.)
- The required application form is posted on the Kentucky Department of Revenue website (<http://revenue.ky.gov/>). It must be submitted by fax (502.564.0058), email KRC.WEBResponseEconomicDevelopmentCredits@ky.gov or hand delivered to the Kentucky Department of Revenue, first floor security desk, 501 High Street, Frankfort, KY 40601.
- July 1-7, 2011 is the first period to apply for the 2012 credit. All applications for preliminary credit approval will be treated as having been filed at the same time if they are received during the specified period to apply.
- If the tax cap is not allocated in full during July 1-7, 2011, the following additional application periods will be available: period #2 will be July 8 - 14, 2011 and period # 3 will be first-come, first-served from 12:00 A.M. EDT on July 15, 2011 to 11:59 P.M. EDT on June 30, 2012, or until all credits are claimed.



- If the tax credit cap of \$500,000 is exceeded during an application period, then all credits receiving preliminary authorization will be pro-rated by a percentage of the tax credit cap divided by the total amount receiving preliminary authorization.
- The Department of Revenue will issue a notice of preliminary approval for the tax credit to the taxpayer.
- The taxpayer will have 30 days after the date of the notice of preliminary approval to provide an endowment gift to a qualified community foundation, its affiliate foundation or county specific component fund.
- Within 10 days of making the gift, the taxpayer must report to the Department of Revenue proof of the endowment gift. The Schedule ENDOW has been developed for the recipient foundation to document the gift.
- The Department will review the proof provided by the taxpayer (Schedule ENDOW completed by the recipient foundation) and—if the information is accurate—issue a final tax credit approval letter to the taxpayer.
- The taxpayer should keep a copy of the final tax credit approval letter for their records.
- The Dept. of Revenue is tracking the total tax credit allocated to date on its website (<http://revenue.ky.gov/>).



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MOST OF THEIR GIVING TO BUILD
A BETTER COMMUNITY.