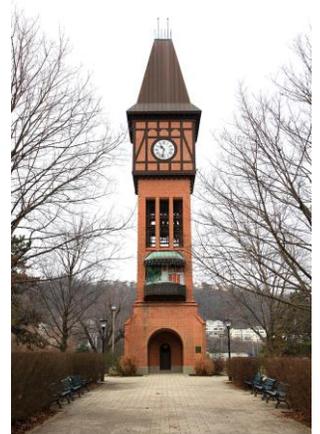




# *Endow Kentucky*

The Endow Kentucky Tax Credit enables any Kentucky taxpayer (business or individual) to receive a state tax credit of up to 20% of a charitable gift to a permanent endowment fund at a local community foundation (up to \$10,000 per taxpayer) benefitting a Kentucky-based nonprofit. In 2018, \$1,000,000 in tax credits are available beginning July 1 through June 30, 2019. Note that tax credits may be depleted in the first week of July.



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). Federal and State charitable tax deductions are still available.

## **What gifts qualify?**

For Endow Kentucky, 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 also create a new endowment fund. Endowed funds are permanent funds which provide annual support to the named organization.

## **Limited time opportunity**

Applications for fiscal year 2019, (which begins July 1, 2018) will be accepted through June 30, 2019, or until the credits run out, whichever comes first.

## **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, GCF will send proof of the gift to the Department, which will issue a letter of final approval to the taxpayer.

## More about Endow Kentucky Tax Credit

- The nonrefundable credit is available for the 2018 and 2019 tax years. Note that tax credits will likely be depleted before June 30, 2019. Last year, tax credits were depleted in the first week.
- 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 of the value of the endowment gift provided by the taxpayer, not to exceed a credit of \$10,000 per individual (married couples may receive a maximum of \$20,000).
- 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 five years.
- A taxpayer providing a charitable gift to a permanent endowment fund of a qualified community foundation, its affiliate foundation or county-specific component fund, must file an application form for preliminary credit authorization with the Kentucky Department of Revenue.
- The required application form is posted on the Kentucky Department of Revenue website at <http://revenue.ky.gov>. It must be submitted by fax 502-564-0058, email [KRC.WEBResponseEconomicDevelopmentCredits@ky.gov](mailto: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, 2018 is the first period in which to apply for the 2018 credit. All applications for preliminary credit approval will be treated as having been filed at the same time if they are received during that week.
- If the tax credit cap of \$1,000,000 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, proof of the gift must be sent to the Department of Revenue. The Schedule ENDOW has been developed for the recipient foundation to document the gift.
- The Department will review the proof (Schedule ENDOW completed by the recipient foundation) and if the information is accurate it will 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 Department of Revenue is tracking the total tax credit allocated to date on its website at <http://revenue.ky.gov>.

### Jumpstart your nonprofit's endowment

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

### Need help?

Consult your tax advisor for further information and additional tax advantages.

At GCF, contact Laura Menge or Michele Carey at 513-241-2880 to discuss your plans for making a gift that may qualify for the Endow Kentucky Tax Credit.