

New Tax Credit

The Legislature has passed and Governor Dalrymple has signed SB 2160 which offers new tax credits for gifts to qualified North Dakota Endowment Funds. This law enhances existing law which already allowed a 40% ND income tax credit for businesses which give to qualified ND Endowment Funds and also a ND income tax credit for individuals who establish a qualified deferred gift with a ND charitable organization.

SB 2160 enhances existing law by including financial institutions which were inadvertently left out of the original legislation. Since financial institutions have their own section in the ND Century Code, they are unique and need to be addressed specifically. SB 2160 allows ND financial institutions the same ND income tax credit as other businesses.

Also included in the new law is a provision that allows a ND income tax credit of 40% of the gift up to a \$10,000 credit per taxpayer for gifts by individuals to qualified ND endowment funds. The individual must give at least \$5,000 in a tax year to a single endowment fund in order to qualify for the credit.

Your gift of \$5,000 to one of the NDCF's qualified endowment funds is not only tax deductible on your federal income tax return, it should also qualify for a 40% or \$2,000 credit against your ND income tax liability. If you are in the 30% federal income tax bracket, the net cost of your \$5,000 gift could be as low as \$1,500 after taking the federal and ND income tax benefits into account. If you cannot use all of your ND income tax credit in one year, you may carry it forward for an additional 3 years.

As the above illustrates, this new law creates wonderful incentives for North Dakota taxpayers to give back to qualified ND charitable endowment funds. Please contact us to discuss how you can support our work.

The North Dakota Community Foundation is not engaged in rendering legal or tax advice. This article is meant to provide general information about charitable giving and gift taxation. The Foundation recommends that any prospective donor consult their tax or legal advisor before entering into any giving program.