



Endow Kentucky Tax Credit

WHAT IS ENDOW KENTUCKY?

Authorized by the general assembly in 2010, Senate Bill 227, the [Endow Kentucky Tax Credit Program](#) offers taxpayers an opportunity to help their community and receive a tax credit toward their Kentucky Income Tax! For a contribution to endowed permanent funds at a qualified community foundation, a taxpayer may receive a 20% tax credit up to \$10,000 per donor per taxable year.

WHAT WAS THE CATALYST FOR THE LEGISLATION?

The purpose of the legislation is to spur the development and growth of philanthropy, particularly in underserved, rural parts of the Commonwealth. The Community Foundation of West Kentucky helped sponsor the Transfer of Wealth Study that was published in 2010 that revealed the following:

“Over the next 50 years, Kentuckians will likely transfer \$707 billion to the next generation. This intergenerational Transfer of Wealth offers an unprecedented opportunity to create a profound legacy – if we count our communities among our heirs.”

WHAT DOES THIS MEAN FOR US LOCALLY?

“Over the next 20 years, if the \$8.23 billion Transfer of Wealth opportunity could be realized at just 5 percent (\$411.29 million), a **permanent yearly payout of \$20.56 million** could address economic and quality of life priorities in Purchase Region communities.”*

Transfer of Wealth Opportunity over the next 20 years:

	Net Worth	Transfer of Wealth	5% Capture	5% Payout
Kentucky	\$311 Billion	\$173.34 Billion	\$8.67 Billion	\$433 Million
Purchase Area	\$14.44 Billion	\$8.23 Billion	\$411.29 Million	\$20.56 Million

WHAT'S THE PROCESS FOR RECEIVING THE TAX CREDIT?

To determine the impact of a tax credit, a donor should consult his/her financial advisor/consultant.

Donors, including individuals and corporations, who contribute to a permanent endowment fund at the Community Foundation of West Kentucky may be eligible for a 20% tax credit up to \$10,000 per donor per taxable year. The credit may be taken against individual income tax, corporate income tax, and the limited liability entity tax, in addition to the federal charitable tax deduction value of the gift. This tax credit may be carried forward for up to five years. The tax credit benefit is in addition to the federal charitable tax deduction value of the gift. For this Fiscal Tax Year, the Tax Credit available is \$1,000,000.

To apply, a Kentucky taxpayer must file an application for preliminary authorization of the tax credit with the Kentucky Department of Revenue. Instructions and an application for preliminary approval are available online at <https://revenue.ky.gov/Business/Pages/Endow-Kentucky-Tax-Credit.aspx>. For questions, assistance or more information about the Endow Kentucky Tax Credit, call Tony Watkins at 270-442-8622.

A tilted image of a form titled "APPLICATION FOR PRELIMINARY AUTHORIZATION OF THE ENDOW KENTUCKY TAX CREDIT". The form contains various fields for taxpayer information, including name, address, and contact details. It also includes sections for "APPLICANT INFORMATION" and "DONOR INFORMATION". The form is numbered "Form 2022-2023" and includes a date of "12/31/2022".

HOW SHOULD AN INTERESTED DONOR PROCEED?

It's Easy! The tax credit for donations to endowed charitable funds can be obtained the following ways at the Community Foundation of West Kentucky:

- Establish or add to an Endowed Charitable Fund such as a Donor Advised Endowment Fund.
- Establish or add to an Endowed Scholarship Fund.
- Establish or add to a designated endowment fund for a Kentucky Non-Profit that addresses the causes you care about most.
- Donate to one of the Community Foundation's existing Endowment Funds, including the Community Fund.

The Endow Kentucky Tax Credit Program offers a very unique incentive to charitable giving. Combined with the benefits of your charitable tax deduction, the tax credit ensures that your philanthropic dollars and tax benefits are maximized!

Contact the Community Foundation of West Kentucky

For questions or assistance with gift planning, contact Tony Watkins at (270) 442-8622 or twatkins@cfwestky.org.



**COMMUNITY
FOUNDATION**
OF WEST KENTUCKY

HAVE YOU HEARD ABOUT THE ENDOW KENTUCKY TAX CREDIT?

A gift to an endowed fund at the Community Foundation of West Kentucky could earn you a substantial state tax credit.

Beginning July 1, 2016, the Endow Kentucky Tax Credit Program made \$1,000,000 in tax benefits available to Kentucky donors who give to endowments at the Community Foundation of West Kentucky. You may be eligible to receive a state tax credit up to 20 percent of your gift.

Unlike tax deductions, tax credits are taken off a tax bill dollar for dollar. This credit can reduce a donor's Kentucky tax bill to zero. For example, a gift of \$10,000 can eliminate a tax liability of \$2,000. Also, these credits can be carried forward for five years.

Donors may receive the tax credit by establishing their own charitable endowment fund or by contributing to existing ones at the Community Foundation.

To apply for the tax credit, donors must file an application for preliminary authorization with the Kentucky Department of Revenue. Instructions and an application for preliminary approval are available online at revenue.ky.gov/get-help/pages/forms.aspx or contact the Community Foundation of West Kentucky at 270-442-8622 or Tony Watkins at twatkins@cfwestky.org.

This year, all applications submitted to the Kentucky Department of Revenue between July 1 and July 7 are guaranteed to receive a credit, but they may receive a prorated portion of the Endow Kentucky State Tax Credit should the total allocation be requested.

Don't miss out on the opportunity! Have your application ready to apply by July 1st.

Community Foundation of West Kentucky
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