

Pennsylvania Neighborhood Assistance Program
TAX BENEFITS FOR BUSINESS FIRMS

Driven by the need for enhanced community revitalization, Pennsylvania’s Neighborhood Assistance Program (NAP) provides substantial support for fiscally distressed neighborhoods and communities across Pennsylvania, encourages positive health outcomes, and addresses residents’ safety and welfare. By enabling businesses to help nonprofits meet funding challenges, NAP helps put communities on the right track to self-sufficiency. Program applicants apply for NAP tax credits that are available for use by the contributing businesses, who in turn receive Pennsylvania state tax credits for their project contribution. These contributions have helped to develop and sustain many local projects that benefit communities, especially low-income populations.



CORPORATE NET INCOME TAX BENEFIT

The examples provided below are based on the Federal Corporate Tax Rate of 21% and State Corporate Net Income Tax Rate of 9.99%. **Always consult a tax advisor** to ensure the percentages are accurate and have not been changed. **They are for demonstration purposes only.**

	55%	NAP Tax Credit 75%	80%	Corporate Foundation
Contribution	\$200,000	\$200,000	\$200,000	\$200,000
NAP Tax Credit .....	..\$110,000	\$150,000	\$160,000	—
Net Cash Outlay before Tax Cost Benefit .....	..\$90,000	\$50,000	\$40,000	\$200,000
Federal Tax Benefit of Contribution (21%) .....	..\$42,000	\$42,000	\$42,000	\$42,000
— Reduction of State Tax Costs .....	..\$23,100	\$31,500	\$33,600	—
Net Federal Tax Benefit .....	..\$18,900	\$10,500	\$8,400	\$42,000
State Tax Benefit of Contribution (9.99%) .....	..\$19,980	\$19,980	\$19,980	\$19,980
— Reduction of Federal Tax Costs (21%) .....	..\$4,196	\$4,196	\$4,196	\$4,196
Net State Tax Benefit .....	..\$15,784	\$15,784	\$15,784	\$15,784
Net Cash Outlay after Tax Benefit .....	..\$55,316	\$23,716	\$15,816	\$142,216
Cost Per \$100 .....	..\$27.66	\$11.86	\$7.91	\$71.11
NAP Tax Credit Additional Tax Benefit .....	..\$86,900.00	\$118,500.00	\$126,400.00	



“S” CORPORATION, PARTNERSHIP & LLC PASS-THROUGH ENTITIES, PERSONAL INDIVIDUAL INCOME TAX BENEFIT

The examples provided below are based on the lowest Federal Individual Income tax rate of 10% and State Personal Income Tax Rate of 3.07%. Be sure that you are using the tax rates that apply to your filing status and income level and **always consult with your tax advisor** to ensure the percentages are accurate and have not been changed.

They are for demonstration purposes only.

	55%	75%	80%
Contribution	\$200,000.00	\$200,000.00	\$200,000.00
NAP Tax Credit	\$110,000.00	\$150,000.00	\$160,000.00
Net Cash Outlay before Tax Costs/(Benefits)	\$90,000.00	\$50,000.00	\$40,000.00
Federal Tax Benefit of Contribution (10%)	\$20,000.00	\$20,000.00	\$20,000.00
Reduction of State Tax Costs (10%)	\$11,000.00	\$15,000.00	\$16,000.00
Net Federal Tax Benefit of Contribution	\$9,000.00	\$5,000.00	\$4,000.00
State Tax Benefit of Contribution (3.07%)	\$6,140.00	\$6,140.00	\$6,140.00
Reduction of Federal Tax Costs (10%)	\$614.00	\$614.00	\$614.00
Net State Tax Benefit of Contribution	\$5,526.00	\$5,526.00	\$5,526.00
Net Cash Outlay after Tax Benefits	\$75,474.00	\$39,474.00	\$30,474.00
Cost Per \$100	\$37.74	\$19.74	\$15.24

TITLE INSURANCE, BANK AND TRUST COMPANY SHARES TAX BENEFIT

The examples provided below are based on the Federal Corporate Tax Rate of 21%. **Always consult a tax advisor** to ensure the percentages are accurate and have not been changed. **They are for demonstration purposes only.**

	55%	75%	80%
Contribution	\$200,000.00	\$200,000.00	\$200,000.00
NAP Tax Credit	\$110,000.00	\$150,000.00	\$160,000.00
Net Cash Outlay	\$90,000.00	\$50,000.00	\$40,000.00
Federal Tax Benefit of Contribution (21%)	\$42,000.00	\$42,000.00	\$42,000.00
Reduction of State Tax Costs (21%)	\$23,100.00	\$31,500.00	\$33,600.00
Net Federal Tax Benefit of Contribution	\$18,900.00	\$10,500.00	\$8,400.00
Net Cash Outlay after Tax Benefits	\$71,100.00	\$39,500.00	\$31,600.00
Cost Per \$100	\$35.55	\$19.75	\$15.80

Tax Rate: 1.25%

Tax Base: Capital Stock Value (6-Year Average)

Entities subject to Bank and Trust Company Shares Tax:

- Domestic Title Insurance Companies
- Banks and Trust Companies



GROSS PREMIUMS TAX BENEFIT

The examples provided below are based on the Federal Corporate Tax Rate of 21%. **Always consult a tax advisor** to ensure the percentages are accurate and have not been changed. **They are for demonstration purposes only.**

	55%	75%	80%
Contribution	\$200,000.00	\$200,000.00	\$200,000.00
NAP Tax Credit	<u>\$110,000.00</u>	<u>\$150,000.00</u>	<u>\$160,000.00</u>
Net Cash Outlay	\$90,000.00	\$50,000.00	\$40,000.00
Federal Tax Benefit of Contribution (21%)	\$42,000.00	\$42,000.00	\$42,000.00
Reduction of State Tax Costs (21%)	<u>\$23,100.00</u>	<u>\$31,500.00</u>	<u>\$33,600.00</u>
Net Federal Tax Benefit of Contribution	\$18,900.00	\$10,500.00	\$8,400.00
Net Cash Outlay after Tax Benefits	<u>\$71,100.00</u>	<u>\$39,500.00</u>	<u>\$31,600.00</u>
Cost Per \$100	\$35.55	\$19.75	\$15.80

Tax Rate: 2.00%

Tax Base: Gross Insurance Premiums**

Entities subject to Gross Premiums Tax:

Insurance Companies

Exempt: Title Insurance Companies subject to Title Insurance Shares Tax

** Includes Fire, Casualty, Title, Life, Accident, & Health Insurance Premiums

MUTUAL THRIFT INSTITUTIONS TAX BENEFIT

The examples provided below are based on the Federal Corporate Tax Rate of 21%. **Always consult a tax advisor** to ensure the percentages are accurate and have not been changed. **They are for demonstration purposes only.**

	55%	75%	80%
Contribution	\$200,000.00	\$200,000.00	\$200,000.00
NAP Tax Credit	<u>\$110,000.00</u>	<u>\$150,000.00</u>	<u>\$160,000.00</u>
Net Cash Outlay	\$90,000.00	\$50,000.00	\$40,000.00
Federal Tax Benefit of Contribution (21%)	\$42,000.00	\$42,000.00	\$42,000.00
Reduction of State Tax Costs (21%)	<u>\$23,100.00</u>	<u>\$31,500.00</u>	<u>\$33,600.00</u>
Net Federal Tax Benefit of Contribution	\$18,900.00	\$10,500.00	\$8,400.00
Net Cash Outlay after Tax Benefits	<u>\$71,100.00</u>	<u>\$39,500.00</u>	<u>\$31,600.00</u>
Cost Per \$100	\$35.55	\$19.75	\$15.80

Tax Rate: 11.50%

Tax Base: Net Earnings

Entities subject to Mutual Thrift Institutions Tax:

Savings Institutions

Savings Banks

Savings and Loan Associations

Building and Loan Associations