

Potential Impact of Colorado Childcare Contribution Tax Credit

Tax rate and explanation	Without Childcare Tax Credit			With Childcare Tax Credit		
Gift size (24% federal tax bracket)	\$1,000	\$2,000	\$3,000	\$1,000	\$2,000	\$3,000
Federal tax savings for contribution	\$240	\$480	\$720	\$120	\$240	\$360
State tax savings for contribution	\$46	\$93	\$139	\$23	\$46	\$69
Childcare Contribution Credit	n/a	n/a	n/a	\$500	\$1,000	\$1,500
True cost of gift after credits and deductions	\$714	\$1,427	\$2,141	\$357	\$714	\$1,071
Gift size (32% federal tax bracket)	\$1,000	\$2,000	\$3,000	\$1,000	\$2,000	\$3,000
Federal tax savings for contribution	\$320	\$640	\$960	\$160	\$320	\$480
State tax savings for contribution	\$46	\$93	\$139	\$23	\$46	\$69
Childcare Contribution Credit	n/a	n/a	n/a	\$500	\$1,000	\$1,500
True cost of gift after credits and deductions	\$634	\$1,267	\$1,901	\$317	\$634	\$951
Gift size (35% federal tax bracket)	\$1,000	\$2,000	\$3,000	\$1,000	\$2,000	\$3,000
Federal tax savings for contribution	\$350	\$700	\$1,050	\$175	\$350	\$525
State tax savings for contribution	\$46	\$93	\$139	\$23	\$46	\$69
Childcare Contribution Credit	n/a	n/a	n/a	\$500	\$1,000	\$1,500
True cost of gift after credits and deductions	\$604	\$1,207	\$1,811	\$302	\$604	\$906
Gift size (37% federal tax bracket)	\$1,000	\$2,000	\$3,000	\$1,000	\$2,000	\$3,000
Federal tax savings for contribution	\$370	\$740	\$1,110	\$185	\$370	\$555
State tax savings for contribution	\$46	\$93	\$139	\$23	\$46	\$69
Childcare Contribution Credit	n/a	n/a	n/a	\$500	\$1,000	\$1,500
True cost of gift after credits and deductions	\$584	\$1,260	\$1,890	\$292	\$584	\$876

*Conclusion: A \$1,000 gift using Childcare Contribution Tax Credit in a 32% federal tax bracket with an income of \$164,926-\$209,425 would have a true cost of \$317 and a gift of \$3,000 would cost only \$951. (assumes married filing jointly and itemizing)

*This is a hypothetical tax scenario. The Pathway to the Rockies Council, BSA does not give tax advice. For tax questions, please seek your personal tax advisor.