

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)	\$5,000	\$10,000	\$15,000	\$5,000	\$10,000	\$15,000
Federal tax savings for contribution	\$600	\$1,200	\$1,800	\$600	\$1,200	\$1,800
State tax savings for contribution	\$114	\$228	\$341	\$114	\$228	\$341
Childcare Contribution Credit	n/a	n/a	n/a	\$2,500	\$5,000	\$7,500
True cost of gift after credits and deductions	\$4,286	\$8,572	\$12,859	\$1,786	\$3,572	\$5,359
Gift size (32% federal tax bracket)	\$5,000	\$10,000	\$15,000	\$5,000	\$10,000	\$15,000
Federal tax savings for contribution	\$800	\$1,600	\$2,400	\$800	\$1,600	\$2,400
State tax savings for contribution	\$114	\$228	\$341	\$114	\$228	\$341
Childcare Contribution Credit	n/a	n/a	n/a	\$2,500	\$5,000	\$7,500
True cost of gift after credits and deductions	\$4,086	\$8,172	\$12,259	\$1,586	\$3,172	\$4,759
Gift size (35% federal tax bracket)	\$5,000	\$10,000	\$15,000	\$5,000	\$10,000	\$15,000
Federal tax savings for contribution	\$875	\$1,750	\$2,625	\$875	\$1,750	\$2,625
State tax savings for contribution	\$114	\$228	\$341	\$114	\$228	\$341
Childcare Contribution Credit	n/a	n/a	n/a	\$2,500	\$5,000	\$7,500
True cost of gift after credits and deductions	\$4,011	\$8,022	\$12,034	\$1,511	\$3,022	\$4,534
Gift size (37% federal tax bracket)	\$5,000	\$10,000	\$15,000	\$5,000	\$10,000	\$15,000
Federal tax savings for contribution	\$925	\$1,850	\$2,775	\$925	\$1,850	\$2,775
State tax savings for contribution	\$114	\$228	\$341	\$114	\$228	\$341
Childcare Contribution Credit	n/a	n/a	n/a	\$2,500	\$5,000	\$7,500
True cost of gift after credits and deductions	\$3,961	\$7,922	\$11,884	\$1,461	\$2,922	\$4,384

*Conclusion: A \$5,000 gift using Childcare Contribution Tax Credit in a 32% federal tax bracket with an income of \$182,100-\$231,249 would have a true cost of \$1,586 and a gift of \$15,000 would cost only \$4,759. (assumes that donor itemizes)

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