

## Charitable Giving Can Be a Win Win!

Most of you know that the IRS allows a tax deduction for charitable contributions, but you may not be aware that Oregon has several tax credits for donations that will also cut your state tax bill. In some cases, the payment generating the credit will not only cut your tax bill, but will result in a tax savings in itself, effectively allowing you to buy a dollar in credits for less than a dollar in donations.

Most of these credits are generated by making donations to specific charitable organizations, thereby shifting your federal itemized deduction from state tax expense, which is not deductible in computing AMT to charitable contributions, which is. By choosing to contribute to the specific charities that result in credits, you are out of pocket a similar amount, but achieve an AMT tax benefit. It should be noted that the amount of the credit taken as a Federal itemized deduction must be added back on your state tax return, since you will be getting a credit rather than a deduction.

Donations to the following charities result in a federal charitable contribution deduction and an Oregon tax credit and are still available for 2014:

- *Oregon Cultural Trust* (<http://www.culturaltrust.org/>)
  - Credit is 100% of your matching contribution up to \$500 per single taxpayer, \$1,000 for married filing joint and \$2,500 for a corporation. The credit cannot be carried forward. Contributions made by pass-through entities flow through to the individual or corporate owner.
- *University Venture Development Fund* (<http://www.ous.edu/about-ous/research-innovation/commercialization-and-technology-transfer>)
  - Credit is 60% of the amount on your credit certificate. The credit allowed is limited to the lesser of 20% of the amount contributed, \$50,000 or your tax liability. The credit is taken over a three year period and is available to S Corporations, partnerships and individuals.

Oregon also has credits that are auctioned off up to limits set by the legislature. Auctioned credits which are sold out for 2014, but are expected to be available for 2015 are:

- *Oregon Production Investment Fund* (<http://oregonfilm.org/taxcredits>)
  - Credit equals the full amount of credit certificate issued to you. The credit allowed is limited to your tax liability. Unused credits can be carried over the next three years. The credit is available to S Corporations, partnerships, individuals and corporations. The OPIF tax credit auction will take place in July 2015.
- *Child Care Fund Contribution Tax Credit* (<http://www.oregon.gov/OCC/Pages/taxcontribution.aspx>)
  - Credit is 75% of the amount on the credit certificate issued to you. The credit allowed is limited to your tax liability. Unused credits can be carried over for the next four years. The credit is available to S Corporations, partnerships, individuals and corporations.
- *Individual Development Account* (<http://www.oregonidainitiative.org/donate/>)
  - Credit is 75% of the donation made. The credit allowed is limited to the lesser of \$75,000 or your tax liability. Unused credits may be carried over for the next three

years. The credit is available to S Corporations, partnerships, individuals and corporations.

- *Alternative Fuel Vehicle Fund* (<http://www.oregon.gov/dor/pertax/pages/credit-auction-info.aspx>)
  - Credit is the full amount shown on the credit certificate issued to you. The credit cannot be more than your tax liability. Unused credits can be carried forward over the next three years.
- *Renewable Energy Development Contribution Tax Credit* (<http://www.oregon.gov/dor/PERTAX/Pages/credit-auction-info.aspx>)
  - Credit is full amount shown on the credit certificate issued to you. The credit allowed is limited to your tax liability. Unused credits may be carried over the next three years.

Auctions are held at different times during the year so you should check for 2015 dates on the auction website. Generally, the minimum bid for auctioned credits is 95% of the credit amount, but see the auction instructions for specifics before bidding. Purchased credits are capital assets so If your credit exceeds the auction price you paid, when the credit is used, the difference must be reported as capital gain.

*Jamey Parker, CPA is a senior manager in the tax department of Talbot, Korvola & Warwick, LLP. She serves corporate, partnership and individual clients. Jamey can be reached at [jparker@tkw.com](mailto:jparker@tkw.com) or 503.274.2849.*