



## HOW IT WORKS (IN WORDS)

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### **Standard Tax Scenario** (assume \$2,500) **non-refund**

1. Taxpayer takes \$2,500 charitable contribution on the federal return
2. Taxpayer adds back \$2,500 to Georgia taxable income
3. State tax liability is reduced by \$2,500 on state return
4. Charitable deduction washes with what would have been a state tax liability deduction resulting in no cost to the taxpayer

### **Standard Tax Scenario** (assume \$2,500) **refund**

1. Taxpayer takes \$2,500 charitable contribution on the federal return
2. Taxpayer adds back \$2,500 to Georgia taxable income
3. State tax liability is reduced by \$2,500 on state return
4. Charitable deduction provides an additional tax benefit on the Federal above and beyond the total amount of GA tax liability deduction being taken on the Federal
5. Taxpayer will receive a 1099G the following tax year for the refunded amount (\$2,500). This amount is added to the Federal return as income the following year. This amount washes with the benefit received the previous year. The wash is generated over a 2 year cycle of tax returns, resulting in, once again, no cost to the taxpayer.

### **AMT Tax Scenario** (assume \$2,500)

1. State tax liability is reduced by \$2,500 on state return
2. Taxpayer takes \$2,500 charitable contribution on the federal return
3. For AMT filers, state tax liability is not deductible on the federal return
4. Therefore, \$2,500 of non-deductible state tax liability is converted into \$2,500 charitable contribution
5. In the end, an AMT filer who redirects \$2,500 through this program, receives \$700 (28%) in additional tax benefit on their federal return than what they would have received had they not participated