



**Our Home Repair Program is expanding to meet the growing need in Bucks County. We need your help to make it happen, and your business can benefit, too.**

Through our Home Repair Program, Habitat Bucks partners with lower-income homeowners to make home repairs or modifications that preserve their home, making it safe and adapting it to be accessible for everyone. We provide both interior and exterior repairs, as well as critical repairs such as roof replacement and major system repairs like plumbing and HVAC. Interior projects include: grab bars, electrical work, bathroom modifications, kitchen repair, railings, door repairs, flooring and lighting. Exterior repairs include railings, windows, steps, doors and porches, roof patching, gutters, walkways, and ramps. Many of our homeowners are seniors or disabled individuals who cannot afford the market cost of repairs or modifications. With Habitat Bucks, these are easy repairs and the homeowner repays an affordable amount – just a fraction of the cost. The balance is subsidized by program income and contributions.

To meet the growing need for home repairs that are affordable, our goal for FY20 is to complete 40 home repair projects – double the number we completed last year. As part of this expansion, Habitat Bucks is applying to the Pennsylvania Neighborhood Assistance Program (NAP). The NAP program provides tax credits that are available for use by the contributing businesses, who in turn receive Pennsylvania tax credits for their project contribution.

Here's a few recent home repairs:



### **How does my business benefit from supporting Habitat Bucks' Home Repair Program?**

Habitat Bucks is applying under the Special Program Priority within the NAP Program – this means **tax credits for business contributions would be 75% per fiscal year!** For example, a \$10,000 donation would only cost \$2,500 as you would receive \$7,500 in Pennsylvania tax credits for business contributions.

### **How does it work?**

- Businesses provide a letter to Habitat Bucks confirming the amount they will contribute if the project is approved for the tax credit program. The business is not obligated to contribute if the application is not approved.
- Habitat Bucks submits the application to by June 28, 2019.
- Additional contributors may be added to the application through September 30<sup>th</sup>.
- If approved, the business will be notified by the PA DCED. Eligible contributions must be received by Habitat Bucks before June 30, 2020.

### **If my business is interested, what should I do?**

- Review Exhibit B, Tax Benefits for Business Firms, which has been provided by the NAP. It illustrates what types of businesses can benefit from the tax credits and how they can be applied.
- All contributors are advised to consult their tax specialist before making a commitment.
- Contact Candace Clarke, Resource Development Director, Habitat for Humanity of Bucks County, [c.clarke@habitatbucks.org](mailto:c.clarke@habitatbucks.org) or (215) 822-2812, 316.

*Thank You!*

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 fiscal well-being and 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

	NAP 55% Credit	Corporate Foundation	NAP 75% Credit	Corporate Foundation	NAP 80% Credit	Corporate Foundation
Contribution .....	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
NAP Tax Credit .....	(110,000)	-	(150,000)	-	(160,000)	-
Net Cash Outlay before Tax Costs/(Benefits).....	90,000	200,000	50,000	200,000	40,000	200,000
Federal Tax Benefit of Contribution						
Contribution X Federal Rate .....	70,000	70,000	70,000	70,000	70,000	70,000
Reduction of State Tax Costs						
NAP Tax Credit X Federal Rate .....	(38,500)	-	(52,500)	-	(56,000)	-
Net Federal Tax Benefit of Contribution .....	31,500	70,000	17,500	70,000	14,000	70,000
State Tax Benefit of Contribution						
Contribution X State Rate .....	19,980	19,980	19,980	19,980	19,980	19,980
Reduction of Federal Tax Costs						
State Tax Benefit X Federal Rate .....	(6,993)	(6,993)	(6,993)	(6,993)	(6,993)	(6,993)
Net State Tax Benefit of Contribution .....	12,987	12,987	12,987	12,987	12,987	12,987
Net Cash Outlay after Tax Benefits ....	\$45,513	\$117,013	\$19,513	\$117,013	\$13,013	\$117,013
Cost Per \$100 .....	\$23	\$59	\$10	\$59	\$7	\$59
NAP Tax Credit Additional Tax Benefit .....	\$71,500		\$97,500		\$104,000	

**TAX ASSUMPTIONS\***

Federal Corporate Income Tax Rate: 35%  
State Corporate Net Income Tax Rate: 9.99%



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

	<b>55% Credit</b>	<b>75% Credit</b>	<b>80% Credit</b>
Contribution .....	\$200,000	\$200,000	\$200,000
NAP Tax Credit .....	(110,000)	(150,000)	(160,000)
Net Cash Outlay before Tax Costs/(Benefits) .....	90,000	50,000	40,000
Federal Tax Benefit of Contribution .....Contribution X Federal Rate .....	70,000	70,000	70,000
Reduction of State Tax Costs .....NAP Tax Credit X Federal Rate .....	(38,500)	(52,500)	(56,000)
Net Federal Tax Benefit of Contribution .....	31,500	17,500	14,000
State Tax Benefit of Contribution .....Contribution X State Rate .....	6,140	6,140	6,140
Reduction of Federal Tax Costs .....State Tax Benefit X Federal Rate .....	(2,149)	(2,149)	(2,149)
Net State Tax Benefit of Contribution .....	3,991	3,991	3,991
Net Cash Outlay after Tax Benefits .....	54,509	28,509	22,009
Cost Per \$100.....	\$27	\$14	\$11

**TAX ASSUMPTIONS\***

Federal Income Tax Rate: 35%  
State Personal Income Tax Rate: 3.07%

## BANK AND TRUST COMPANY SHARES TAX BENEFIT

	<b>55% Credit</b>	<b>75% Credit</b>	<b>80% Credit</b>
Contribution .....	\$200,000	\$200,000	\$200,000
NAP Tax Credit .....	(110,000)	(150,000)	(160,000)
Net Cash Outlay .....	90,000	50,000	40,000
Federal Tax Benefit of Contribution .....Contribution X Federal Rate .....	70,000	70,000	70,000
Reduction of State Tax Costs .....NAP Tax Credit X Federal Rate .....	(38,500)	(52,500)	(56,000)
Net Federal Tax Benefit of Contribution .....	31,500	17,500	14,000
Net Cash Outlay after Tax Benefits .....	58,500	32,500	26,000
Cost Per \$100.....	\$29	\$16	\$13

**TAX ASSUMPTIONS\***

Federal Corporate Income Tax Rate: 35%

Tax Rate: 1.25%

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

Entities subject to Bank and Trust Company Shares Tax:

Banks and Trust Companies



## TITLE INSURANCE SHARES TAX BENEFIT

	<b>55% Credit</b>	<b>75% Credit</b>	<b>80% Credit</b>
Contribution .....	\$200,000	\$200,000	\$200,000
NAP Tax Credit .....	(110,000)	(150,000)	(160,000)
Net Cash Outlay .....	90,000	50,000	40,000
Federal Tax Benefit of Contribution . . . . .Contribution X Federal Rate . . . . .	70,000	70,000	70,000
Reduction of State Tax Costs . . . . .NAP Tax Credit X Federal Rate . . . . .	(38,500)	(52,500)	(56,000)
Net Federal Tax Benefit of Contribution .....	31,500	17,500	14,000
Net Cash Outlay after Tax Benefits .....	58,500	32,500	26,000
Cost Per \$100 .....	\$29	\$16	\$13

**TAX ASSUMPTIONS\***  
Federal Corporate Income Tax Rate: 35%

- Tax Rate: 1.25%
- Tax Base: Capital Stock Value (6-Year Average)
- Entities subject to Title Insurance Shares Tax:
  - Domestic Title Insurance Companies

## GROSS PREMIUMS TAX BENEFIT

	<b>55% Credit</b>	<b>75% Credit</b>	<b>80% Credit</b>
Contribution .....	\$200,000	\$200,000	\$200,000
NAP Tax Credit .....	(110,000)	(150,000)	(160,000)
Net Cash Outlay .....	90,000	50,000	40,000
Federal Tax Benefit of Contribution . . . . .Contribution X Federal Rate . . . . .	70,000	70,000	70,000
Reduction of State Tax Costs . . . . .NAP Tax Credit X Federal Rate . . . . .	(38,500)	(52,500)	(56,000)
Net Federal Tax Benefit of Contribution .....	31,500	17,500	14,000
Net Cash Outlay after Tax Benefits .....	58,500	32,500	26,000
Cost Per \$100 .....	\$29	\$16	\$13

**TAX ASSUMPTIONS\***  
Federal Corporate Income Tax Rate: 35%

- 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

	55% Credit	75% Credit	80% Credit
Contribution .....	\$200,000	\$200,000	\$200,000
NAP Tax Credit .....	<u>(110,000)</u>	<u>(150,000)</u>	<u>(160,000)</u>
Net Cash Outlay .....	90,000	50,000	40,000
Federal Tax Benefit of Contribution .....	Contribution X Federal Rate .....	70,000	70,000
Reduction of State Tax Costs .....	NAP Tax Credit X Federal Rate .....	<u>(52,500)</u>	<u>(56,000)</u>
Net Federal Tax Benefit of Contribution .....	31,500	17,500	14,000
Net Cash Outlay after Tax Benefits .....	<u>58,500</u>	<u>32,500</u>	<u>26,000</u>
Cost Per \$100.....	\$29	\$16	\$13

**TAX ASSUMPTIONS\***

Federal Corporate Income Tax Rate: 35%

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

*\* All tax rates are assumptions and may not reflect current tax rates. They are for demonstration purposes only. All contributors are advised to refer to their tax specialist for more accurate rates and tax information.*