

Sample for C-Corps

	<u>No Contribution</u>	<u>75% EITC</u>	<u>90% EITC</u>
Net Income Before Contribution & CNI Tax	\$220,000	\$220,000	\$220,000
EITC Contribution	None	\$10,000	\$10,000
Federal Taxable Income Before PA CNI Tax	\$220,000	\$210,000	\$210,000
PA CNI Tax @ 9.99%	\$ 21,978	\$20,979	\$20,979
Federal Income After PA CNI Tax	\$198,022	\$189,021	\$189,021
PA CNI Tax Savings (After Deduction for Contributions)	None	\$999	\$999
EITC (PA CNI Tax Savings)	None	\$7,500	\$9,000
PA Tax Savings – Total	None	\$8,499	\$9,999
Federal Taxable Income	\$198,022	\$196,521	\$198,021
Federal Tax	\$60,479	\$59,893	\$60,478
Federal Tax Savings	None	\$586	\$1
PA Tax Savings – Total	None	\$8,499	\$9,999
Federal Tax Savings	None	\$586	\$1
Total Tax Savings	None	\$9,999	\$10,000
Annual Cash Required to Contribute \$10,000	0.0	\$915	0.0
Percentage Effective Total Tax Saving when Contributing \$10,000 with an EITC		90.85%	100.00%

Sample for S-Corps

	<u>No Contribution</u>	<u>90% Contribution</u>
Net S-corp income before contribution	\$310,000	\$310,000
EITC Contribution	\$0	\$10,000
Fed/PA Taxable Income before Adjustments	\$310,000	\$300,000
PA Personal Income Tax (3.07%)	\$9,517	\$9,210
PA Personal Tax Savings	\$0	\$307
EITC Credit available for PA Personal Income Tax	\$0	\$9,000
Total PA Tax Savings	\$0	\$9,307
Fed/PA Taxable Income from S-corp before Adjustments	\$310,000	\$300,000
Add Back: Reduction of State Tax Deduction	\$0	\$9,307
Net Federal Taxable Income from S-Corp	\$310,000	\$309,307
Federal Tax from S-corp (assume 35% bracket)	\$108,500	\$108,257
Federal Tax Savings	\$0	\$243
Total Tax Savings	\$0	\$9,550
Net Cost to Contribute \$10,000		\$450

Sample Tax Calculation:

	C-Corporation		S-Corporation	
	No Contribution	90% EITC	No Contribution	90% EITC
Net Income Before Contribution and Tax	\$220,000	\$220,000	\$220,000	\$220,000
EITC Contribution	-	10,000	-	10,000
Federal Taxable Income Before PA CNI Tax	220,000	210,000	220,000	210,000
PA CNI Tax - 9.99%/PA Personal Tax - 3.07%	21,978	20,979	6,754	6,447
Federal Income After PA CNI Tax	198,022	189,021	220,000	210,000
PA CNI Tax Savings/PA Personal Tax Savings	-	999	-	307
EITC (PA Capital Stock Tax Reduction)	-	-	-	9,000
EITC (PA CNI Tax Savings)	-	9,000	-	-
PA Tax Savings-Total	\$ -	\$9,999	\$ -	\$9,307
Federal Taxable Income	198,022	198,021	220,000	219,000
Federal Corporation Tax/Federal Personal Tax in 35% brackets	60,479	60,478	77,000	76,650
Federal Tax Savings	-	1	-	350
PA Tax Savings		9,999		9,307
Federal Tax Savings		1		350
Total Tax Savings		\$10,000		\$9,657
Annual Cash Required to Contribution \$10,000		-		343