

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

	55% Credit	75% Credit	80% Credit
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 ContributionContribution X Federal Rate	70,000	70,000	70,000
Reduction of State Tax CostsNAP 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 ContributionContribution X State Rate	6,140	6,140	6,140
Reduction of Federal Tax CostsState 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

	55% Credit	75% Credit	80% Credit
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 ContributionContribution X Federal Rate	70,000	70,000	70,000
Reduction of State Tax CostsNAP 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

	55% Credit	75% Credit	80% Credit
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

	55% Credit	75% Credit	80% Credit
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	(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: 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.