

**Tax benefit of contributing \$10,000 and \$25,000 to Georgia GOAL for Qualified Education Expense credit if payment qualifies as an ordinary and necessary business expense of pass-through entity owned by donor.**

	Pass-through Entity Generates Qualified Business Income ("QBI")					Pass-through Entity is a Specified Service Trade or Business ("SSTB")				
	Without Credit	With \$10,000 Credit	With \$25,000 Credit	Tax Savings - \$10,000 Contribution	Tax Savings - \$25,000 Contribution	Without Credit	With \$10,000 Credit	With \$25,000 Credit	Tax Savings - \$10,000 Contribution	Tax Savings - \$25,000 Contribution
<b>Income</b>										
Wages	100,000	100,000	100,000			100,000	100,000	100,000		
Schedule E - S Corporation	375,000	365,000 (1)	350,000 (2)			375,000	365,000	350,000 (1)		
<b>Deductions</b>										
20% QBI Deduction	75,000	73,000	70,000			-	-	-		
State Income Tax	23,281	13,281 (7)	(1,720) (7)			23,281	13,281	(1,720) (7)		
Real Estate Taxes	10,000	10,000 (7)	10,000 (7)			10,000	10,000	10,000 (7)		
Mortgage Interest	15,000	15,000	15,000			15,000	15,000	15,000		
Charitable Contributions	5,000	5,000	5,000			5,000	5,000	5,000		
Taxable Income	370,000	362,000	350,000			445,000	435,000	420,000		
Filing Status: MFJ										
<b>Income Tax</b>										
Federal	78,863	76,303	72,463	2,560 (3)	6,400 (3)	103,256	99,756	94,863	3,500 (4)	8,393 (5)
Georgia	23,281	23,281	23,281	- (6)	(6)	23,281	23,281	23,281	- (6)	(6)

- (1) Pass-through entity's taxable income is reduced by deduction of \$10,000 payment to Georgia GOAL as a business expense
- (2) Pass-through entity's taxable income is reduced by deduction of \$25,000 payment to Georgia GOAL as a business expense
- (3) Federal tax benefit is determined by donor's marginal federal tax rate, which is 32% in this example, adjusted by the 20% deduction for qualified business income:  $32\% - (32\% * 20\%) = 25.6\%$ .
- (4) Federal tax benefit is determined by donor's marginal federal tax rate, which is 35% in this example
- (5) Federal tax benefit is determined by donor's marginal federal tax rate, which is 32% in this example.
- (6) No change to Georgia tax because reduction in pass-through entity's taxable income is offset by addition reported on Georgia return to prevent "double-dipping".
- (7) SALT deduction limited to \$10,000.