

Tax benefit of contributing \$100,000 to Georgia HEART for Qualified Rural Hospital Organization 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 Credit	Tax Savings	Without Credit	With Credit	Tax Savings
<u>Income</u>						
Wages	300,000	300,000		300,000	300,000	
Schedule E - S Corporation	1,700,000	1,600,000 (1)		1,700,000	1,600,000 (1)	
<u>Deductions</u>						
20% QBI Deduction	340,000	320,000		-	-	
State Income Tax	101,837	1,837 (5)		101,837	1,837 (5)	
Real Estate Taxes	25,000	25,000 (5)		25,000	25,000 (5)	
Mortgage Interest	35,000	35,000		35,000	35,000	
Charitable Contributions	25,000	25,000		25,000	25,000	
Taxable Income	1,590,000	1,510,000		1,930,000	1,830,000	
Filing Status: MFJ						
<u>Income Tax</u>						
Federal	522,849	493,249	29,600 (2)	648,649	611,649	37,000 (3)
Georgia	101,837	101,837	- (4)	101,837	101,837	- (4)

(1) Pass-through entity's taxable income is reduced by deduction of \$100,000 payment to Georgia HEART as a business expense.

(2) Federal tax benefit is determined by donor's marginal federal tax rate, which is 37% in this example, adjusted by the 20% deduction for qualified business income: $37\% - (37\% * 20\%) = 29.6\%$.

(3) Federal tax benefit is determined by donor's marginal federal tax rate, which is 37% in this example.

(4) 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".

(5) SALT deduction limited to \$10,000.