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Colorado Child Care Tax Credit Update – September 28, 2011

For the past several years, in order to promote giving to nonprofit organizations that provide quality child care in Colorado, the state has offered a special 50% income tax credit to taxpayers who donate to qualifying programs. **The effect of this credit is that half of your donation is offset by a dollar-for-dollar reduction of your Colorado income taxes.** In addition, you are still able to claim your full contribution on your federal and state income tax returns if you itemize your deductions. Gifts of stock do not qualify.

In December 2010, the state legislature suspended the program due to a projected lack of revenue growth in the state's 2011 budget. In recent months, however, the state legislature re-established the program with limitations. **Gifts made to qualifying child care programs during tax years 2011 and 2012 will be eligible for a deferred credit. The state is predicting that taxpayers will be able to claim deferred credits (from contributions given during tax years 2011 and 2012) as early as tax year 2013, but final determination is subject to change based on future legislative action.**

If you would like your gift to St. Anne's 2011-2012 Annual Campaign to be earmarked for the tax credit, please write "Child Care Tax Credit" in the memo line of your check, or somewhere on your pledge envelope. If giving online at www.st-annes.org, please select the Child Care Tax Credit option.

For contributions or pledges made to the 2011-2012 Annual Campaign *before* October 1, 2011, the Development Office can add the tax credit to your record. **To do so, please contact Judith Current at jcurrent@st-annes.org immediately.**

In order to claim the deferred Child Care Tax Credit for 2011, all contributions must be received before December 31, 2011.

Anyone considering this credit should consult with their personal tax advisor to confirm the effects on their individual finances. For more information, please visit the Colorado Department of Revenue website at <http://www.colorado.gov/cs/Satellite/Revenue/REVX/1193047059436> and click on "Income FYI Publication 35."