

TAX DEDUCTIBILITY

Many of the Mission Projects this year are tax deductible. We have found in recent years this is attractive to many supporters however you may not need tax deductibility. If that is your situation you are encouraged to support the non tax deductible projects. The following notes apply to those who will obtain a tax benefit from their giving to these projects.

Let's say you want to donate \$100 to a project. If you can afford it now then donate your \$100 plus also donate the tax refund you will get when you lodge your tax return in a few months time. Claim the tax deduction on the whole donation in your next tax return and receive a tax refund bringing the net cost to you back to \$100.

The following table illustrates the potential end benefit to the project depending on your level of Taxable Income. Note that in all cases the end cost to you is still only the same \$100:

| If your annual Taxable Income is in this range: # | \$6,000 - \$34,000 | \$34,000 - \$80,000 | \$80,000 - \$180,000 | Over \$180,000 |
|---|---------------------------|----------------------------|-----------------------------|-----------------------|
| Then your marginal Tax Rate (excluding Medicare) is this: # | 15% | 30% | 40% | 45% |
| If you donate this higher amount to one or more tax deductible projects, | \$118 | \$143 | \$167 | \$182 |
| Then your extra tax refund will be this amount: | \$18 | \$43 | \$67 | \$82 |

For example, say you earn \$50,000 a year and give \$1,000 to a tax deductible project. Then by donating \$1,430 ($=\$1.43 \times 1,000$) to the project or projects you will receive a tax refund of \$430 ($=\$0.43 \times 1,000$).— that's a 43% increase in your giving for the amount you were prepared to give!

Note: Claiming tax deductions may reduce your Taxable Income and so result in a lower tax rate. Adjust your calculations if necessary.