Alaska Education Tax Credit

The Alaska Education Tax Credit Program provides a tax credit to businesses that make contributions to Alaska universities and accredited nonprofit Alaska two-year or four-year colleges for direct instruction, research, and educational support purposes. The tax credit can also be taken for donations to a school district or state-operated vocational technical education and training school for vocational education courses, programs, and facilities. Donations to school districts for purposes other than vocational education courses, programs, and facilities do not qualify.

Who qualifies? If your company pays any of the following taxes to the State of Alaska you may be eligible to claim an Education Tax Credit:

- Alaska Corporate Income Tax (AS 43.20.011)
- Fisheries Business Tax (AS 43.75.015)
- Fishery Resource Landing Tax (AS 43.77.010)
- Insurance Premium Tax/Title Insurance Premium Tax (AS 21.89.070)
- Mining License Tax (AS 43.65.010)
- Oil and Gas Production and Transportation Tax (AS 43.56.010)
- Oil and Gas Property Tax (AS 43.55.011)

How much can companies save? The examples below reflect recent changes to Alaska law—effective January 1, 2011—that provide even greater benefits for schools. In addition to the state tax credit, businesses may qualify for federal tax savings by making charitable cash donations.

Gift Amount	Alaska Education Tax Credit	Estimated Alaska Tax Benefit*	Estimated Federal Tax Benefit*	Total Tax Savings (State and Federal)	Net Cost of Donation
$10,000	$5,000	$4,060	$2,079	$6,139	$3,861
$50,000	$25,000	$20,300	$10,395	$30,695	$19,305
$100,000	$50,000	$40,600	$20,790	$61,390	$38,610
$200,000	$150,000	$131,200	$24,080	$155,280	$44,720
$300,000	$250,000	$221,800	$27,370	$249,170	$50,830
$400,000	$300,000	$262,400	$48,160	$310,560	$89,440
$500,000	$350,000	$303,000	$68,950	$371,950	$128,050
$1,000,000	$600,000	$506,000	$172,900	$678,900	$321,100
$9,800,000	$5,000,000	$4,078,800	$2,002,420	$6,081,220	$3,718,780

*Assumes an Alaska tax rate of 9.4% and a federal tax rate of 35%. This calculation is simplified and actual results may vary depending upon the unique circumstances of each taxpayer. Please contact your tax consultant for further information.

How is the new Alaska Education Tax Credit calculated?

- Donations up to $100,000: donors still receive a tax credit of 50%.
- Donations of $100,000 to $300,000: the new 100% credit applies to the amount of the donation over $100,000 up to $300,000.
- Donations of $300,000 to $9,800,000: the new tax credit of 50% applies to the amount of the donation over $300,000, limited to a maximum credit of $5 million.

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