

C-Corp

	No Contribution	90% Contribution			
Net C-Corp Income					
before contribution	\$ 220,000	\$ 220,000			
EITC Contribution	\$ -	\$ 20,000			
Fed Taxable Income Before PA CNI Tax	\$ 220,000	\$ 200,000			
PA CNI Tax (9.99%)	\$ 21,978	\$ 19,980			
Fed Taxable Income After PA CNI Tax	\$ 198,022	\$ 180,020			
PA CNI Tax Savings		\$ 1,998			
EITC Credit	\$ -	\$ 18,000	(90% for 2 Year Commitment)		
Total PA Tax Savings	\$ -	\$ 19,998			
Fed Taxable Income After PA CNI Tax	\$ 198,022	\$ 198,020			
Fed. Corp. Tax (33%)	\$ (65,347)	\$ (65,347)			
Federal Tax Savings		\$ 1			
Total Tax Savings	\$ -	\$ 19,999			
Net Cost to Contribute		\$ 1			

S-Corp

	No Contribution	90% Contribution			
Net S-Corp Income					
before contribution	\$ 200,000.00	\$ 200,000.00			
EITC Contribution	\$ -	\$ 5,000.00			
Fed/PA Taxable Income before Adj	\$ 200,000.00	\$ 195,000.00			
PA Personal Income Tax (3.07%)	\$ 6,140.00	\$ 5,986.50			
PA Personal Tax Savings		\$ 153.50			
EITC Credit Available for PA Personal Income Tax*	\$ -	\$ 4,500.00	(90% if 2 Year Commitment Only 75% if 1 Year Commitment)		
Total PA Tax Savings	\$ -	\$ 4,653.50			
Fed/PA Taxable Income from S-Corp before Adj	\$ 200,000.00	\$ 195,000.00			
Add Back: Reduction of State Tax Deduction	\$ -	\$ 4,653.50			
Net Federal Taxable Income from S-Corp	\$ 200,000.00	\$ 199,653.50			
Fed. Tax from S-Corp (33% bracket)	\$ 66,000.00	\$ 65,885.66			
		\$ 114.35			
Total Tax Savings	\$ -	\$ 4,767.85			
Net Cost to Contribute \$5,000		\$ 232.15			

*Alternative is to use credit against Capital Stock Tax which was \$641 in 2008 and projected to be \$650 in 2009, assuming 2009 book income is equal to 2008.