

| | \$10,000 tax deduction | \$10,000 tax credit |
|----------------------------|------------------------|---------------------|
| Your Adjusted Gross Income | \$100,000 | \$100,000 |
| Less: tax deduction | - (\$10,000) | |
| Taxable income | \$90,000 | \$100,000 |
| Tax rate | 25% | 25% |
| Calculated tax | \$22,500 | \$25,000 |
| Less: tax credit | | - (\$10,000) |
| Estimated tax bill | \$22,500 | \$15,000 |