

# The Georgia Private School Tax Credit Program

*Presented by Georgia Student Scholarship Organization  
(GASSO), Inc.*

# The Georgia Private School Tax Credit

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# The Georgia Private School Tax Credit

- ▶ [..\My Videos\HB325 Update.wmv](#)

# What is The GA Private School Tax Credit

- HB 1133 – New Legislation signed into law May 2008
- HB 325 – Updates HB 1133 May 2011
- Allows some control over how your tax dollars are used
- \$50 million in tax credits available each calendar year for the entire program
- Donations are made and used for tuition and scholarships for Private Schools from Pre K – 12<sup>th</sup> grade
- Donors receive a dollar for dollar tax credit

# Donations turn into \$cholarships

1. An “Approved” donation is made for a Scholarship
2. Donor receives a Tax Credit – 100% reimbursed on GA Income Tax Return PLUS a Federal Tax Deduction
3. Donations are used for Tuition and Scholarships for Private Schools from Pre K – 12<sup>th</sup> grade
4. \$50 million in Tax Credits annually

# Tax Deduction versus Tax Credit

- Tax Deduction – Lowers the overall taxable income. The tax savings are dependent on the tax rate (Mortgage Interest)
- Tax Credit – Reduces the tax owed. The tax savings are not dependent on the rate

# The Georgia Private School Tax Credit

- This program is a **Tax Credit** and will reduce the taxes owed on a dollar for dollar basis on Georgia Income Taxes

PLUS

- A taxable deduction on the Federal tax Return

# What's in it for a Parent and Student?

- Following a defined process, Donors can designate a specific school to receive their scholarship donation. Therefore, if a student has relatives who pay Georgia Income Tax, the relatives can make a donation and specify the student's school.
- The Donors are reimbursed dollar for dollar on their Georgia Income Taxes for the donation and can take a deduction on their Federal Tax Return.



# What's in it for a Parent and Student?

- The students benefit by receiving a scholarship which can substantially reduce or eliminate the cost for tuition to the private school.
- In summary, part of the GA Income taxes already being paid are used for Scholarships and tuition for Private School Students.

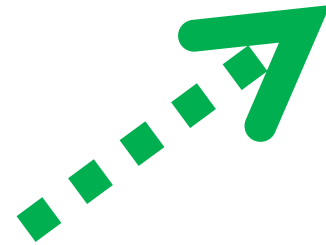
# Benefits to the Company

- ▶ Help educate Georgia children in private schools
- ▶ Not a budget item – redirect Georgia Income Tax Dollars
- ▶ Control how your tax dollars are used
- ▶ Improve community relations and goodwill
- ▶ Receive a Federal Tax Deduction for the donation
- ▶ Time donation with quarterly estimated tax payments to manage cash flow
- ▶ Support employees children in schools
- ▶ Choose the school(s) to support

# The Georgia Private School Tax Credit

Taxes Already  
Being Paid – Donations

Tax Credits  
\$50 Million



Scholarships

# How is the Program Managed

- **GA Department of Revenue**
  - Manages the \$50 million tax credits
  - Approves donor contributions on a first come first serve basis
- **GA Dept of Education**
  - Manages a list of Approved Private Schools
  - Manages a List of Approved Student Scholarship Organizations (SSO)
- **SSO manage the donations/scholarships**
  - Set up as a “Firewall” between donors and schools/students

## Donation Process – Who can Donate

- Any individual, couple or company paying GA Income Tax can make a donation and receive a dollar for dollar GA tax credit

	<u>Donation Amount</u>	<u>Georgia Tax Credit</u>
<u>Individuals</u>	<u>\$1000 max</u>	<u>\$1000 max</u>
<u>Couples</u>	<u>\$2500 max</u>	<u>\$2500 max</u>
<u>Corporations</u>	<u>75% of GA Tax Liability</u>	<u>75% of GA Tax Liability</u>

# Donation Process – How to Donate

- Donors must follow a simple 4 step process to receive the Tax Credit

# Donation Process – How to Donate – Step 1

- Donors complete a “Pre Approval Form” (Georgia Form IT-QEE-TP1) and mail to GA Department of Revenue (DOR)

## Donation Process – How to Donate – Step 2

- GA DOR approves the “Pre Approval Forms” on a first come first serve basis and send the Approved form back to the Donor – may take up to 30 days



# Donation Process – How to Donate – Step 3

- Donor has 60 days (from approval) to send
  - Copy of the approved “Pre Approval Form”
  - Check for the donation payable to GASSO, Inc.
  - Specify a school – use a donor designation form
- Mail all three within 60 days to

GASSO, Inc  
P.O. Box 1752  
Cumming, GA 30028

## Donation Process – How to Donate – Step 4

- GASSO sends the Donor an acknowledgement form (Georgia Form IT-QEE-SS01) to be filed with Donors GA Tax Return
- Donor receives full Tax Credit on GA Taxes
- GASSO also sends Donor a form to be filed with Federal Tax Return as a charitable contribution
- Twice per month (on the 1<sup>st</sup> and 15<sup>th</sup>) GASSO updates the schools with the donations for scholarship awards

# Donation Process – How to Donate – Summary

1. Fill out and mail a “Pre Approval Form” to GA DOR
2. Receive approval from GA DOR
3. Send copy of approved “Pre Approval Form” and check for donation to GASSO (within 60 days)
4. Receive an “Acknowledgement Form” from GASSO to file with GA Tax Return and receive Tax Credit

# Donation Process – How to Donate – Summary

- ▶ Donors are “Pre-paying” 2011 Georgia Income Tax
  - Donors will be out of pocket until they file 2011 GA Tax Return
  - Two ways to manage the cash out of pocket
    - Quarterly estimated payments
    - Adjust Georgia withholdings from paycheck

# Example 2010 GA Tax Return

15. Georgia taxable income (Line 13 less Line 14c or Schedule 3, Line 14) .....	▶ <input type="checkbox"/>	15.	101,551
16. Tax (Use Tax Table in the Tax Booklet on Pages 19-21) .....	▶	16.	5,833
17. Credits from Schedule 2, Page 5, Line 12 of Form 500 (Enter total but not more than the amount on Line 16) .....	▶	17.	2,500
18. Balance (Line 16 less Line 17) if zero or less than zero, enter zero .....	▶	18.	3,333
19. <b>Georgia Income Tax Withheld</b> (Enter Tax Withheld Only and enclose W-2s, 1099s, etc.) .....	▶	19.	7,000

# Example 2010 GA Tax Return

Georgia Form **500**

Individual Income Tax Return  
Georgia Department of Revenue

**2010** Version 1



1100405031

Page 3

YOUR SOCIAL SECURITY NUMBER  
987-65-4321

21. Department Use Only

DO NOT WRITE IN THIS BOX

- |   |   |     |       |
|---|---|-----|-------|
| 22. Total prepayment credits (Add Lines 19 and 20) .....      | ▶ | 22. | 7,000 |
| 23. If Line 18 exceeds Line 22 enter BALANCE DUE STATE .....  | ▶ | 23. |       |
| 24. If Line 22 exceeds Line 18 enter OVERPAYMENT amount ..... | ▶ | 24. | 3,667 |



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Georgia Form IT-QEE-TP1 (Last Rev. 8/08)

Qualified Education Expense Credit Preapproval Form  
Georgia Department of Revenue Version 6

Please print your numbers like this in black or blue ink.

9 8 7 6 5 4 3 2 1 0

This form is the first step in applying for the income tax credit for qualified education expenses. The form is filed by the taxpayer and is used to request preapproval of an intended contribution to a student scholarship organization.

Enter for Contributor:

INDIVIDUAL FILING SINGLE OR HEAD OF HOUSEHOLD  INDIVIDUAL FILING A MARRIED JOINT RETURN  INDIVIDUAL FILING MARRIED SEPARATE RETURN  C CORPORATION  SUBCHAPTER S CORPORATION FOR GEORGIA PURPOSES, PARTNERSHIP, OR LIMITED LIABILITY COMPANY

FIRST NAME OR NAME OF ENTITY MI TAXPAYER IDENTIFICATION NUMBER  
John J 123-12-1234

LAST NAME IF INDIVIDUAL SUFFIX  
Smith

IF INDIVIDUAL FILING JOINT, FIRST NAME OF JOINT FILER MI IF INDIVIDUAL FILING JOINT, ID # OF JOINT FILER  
Mary A 321-32-4321

LAST NAME OF JOINT FILER SUFFIX  
Smith

ADDRESS (NUMBER AND STREET or P.O. BOX)  
123 Main Street

CITY STATE ZIP CODE  
Buford GA 30518

TAX YEAR END OF CONTRIBUTOR CALENDAR YEAR IN WHICH CONTRIBUTION WILL BE MADE  
12-31-2008 2008

CONTACT PERSON (FOR CONTRIBUTIONS BY ENTITIES) TELEPHONE NUMBER  
678947-0238

- Form IT-QEE-TP1 should be postmarked by November 1 to allow enough time for the amount to be preapproved and the contribution to be made by the end of the calendar year.
- The taxpayer must add back to Georgia taxable income the amount of any federal charitable contribution deduction taken on a federal return for which a Georgia qualified education expense credit is allowed.
- The tax credit shall not be allowed if the taxpayer designates the taxpayer's qualified education expense for the direct benefit of any dependent of the taxpayer.
- The student scholarship organization must be on the Department of Education's website before this form is filed.

A. CONTRIBUTION AMOUNT

- The amount of the contribution the taxpayer intends to make.....▶ 2,500.00
- [For corporate contributors only] Enter 75% of the corporation's estimated income tax liability.....▶ 2,250.00
- Name of student scholarship organization listed on the Department of Education's website.  
GEORGIA SSO INC.
- Taxpayer I.D.# of student scholarship organization.....▶ 26-2903667



0806304021

**Georgia Form IT-QEE-TP1** (Last Rev. 8/08)

Qualified Education Expense Credit Preapproval Form

Georgia Department of Revenue **Version 6**

Taxpayer Identification Number **123-12-1234**

**B. ADDITIONAL INFORMATION FOR CONTRIBUTORS WHICH ARE SUBCHAPTER S CORPORATIONS FOR GEORGIA PURPOSES, PARTNERSHIPS, OR LIMITED LIABILITY COMPANIES**

The contribution limits for these entities are calculated separately for each shareholder, partner, or member. As such on a separate schedule, the contributor must provide the following information for each shareholder, partner, or member.

1. Name, address and taxpayer identification number
2. Type of taxpayer (i.e. corporation, individual, etc.)
3. If individual, filing status (joint, married filing separate, single, or head of household)
4. If individual filing a joint return, the name and identification number of the joint filer
5. If corporation, 75% of estimated GA income tax liability
6. Tax Year end
7. Profit/loss percentage
8. Amount of intended contribution allocated to each shareholder, partner, or member based on the profit/loss percentage.

**C. CERTIFICATION BY APPLICANT**

Applicant certifies that all information contained above is true to his/her best knowledge and belief and is submitted for the purpose of obtaining preapproval from the Commissioner.

Date: **10-28-2008**

Applicant: Printed Name of Contributor (individual or entity)

**John Smith**

*John Smith*

Signature of Contributor (if an entity, an authorized officer or tax matters person)

If Contributor is an entity: Printed Name and Title of Person Signing for Entity:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Submit page 1 and page 2 to:  
Georgia Department of Revenue  
Qualified Education Expense Credit  
1800 Century Blvd NE  
Suite 8301  
Atlanta, GA 30345

**D. FOR DEPARTMENT USE ONLY**

DATE RECEIVED \_\_\_\_\_

Based on the fifty million dollar cap and your intended contribution amount, you have been preapproved and

allocated \_\_\_\_\_ of qualified education expense credit for calendar

year \_\_\_\_\_ Approved by \_\_\_\_\_ Date \_\_\_\_\_



# Donor Designation Form

Georgia Student Scholarship Organization (SSO), Inc.

Donor's Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Telephone Number \_\_\_\_\_

Please accept the donation for:

Designated School Fund: \_\_\_\_\_

Please make Donation checks payable to GASSO, Inc.

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Donor's Signature \_\_\_\_\_ Date \_\_\_\_\_

**Return this completed Donor Designation Form, the donation check and a copy of the approved Form IT-QEE-TP1 within 30 days of approval from GADOR to:**

GASSO, Inc.  
P.O. Box 1752  
Cumming, GA 30028  
770-331-2654

# Donation Process – How to Donate

**Q & A**

# Where Do I apply For a Scholarship?

- Applications for Scholarships are available from the participating Private School

# How are Scholarships Awarded?

- Scholarships are awarded upon recommendations from the participating private schools based on merit, need, and/or other criteria.

## Who is Eligible for a Scholarship

- The amount of any scholarship received by an eligible student or eligible pre-kindergarten student shall be excluded from taxable net income for Georgia income tax purposes.

# What is a Student Scholarship Organization (SSO)

- Must be a non-profit organization Section 501(c)(3) in good standing with the IRS
- Inform potential Donors of the law
- Must obligate at least 90% of it's annual revenue for scholarships
- Must report to GA DOR by Jan 12 of each year a list of donors and the amount of donors contributions

# What is a Student Scholarship Organization (SSO)

- Must be on the GA DOE web site as an approved SSO
- Must conduct an audit of its accounts by an independent CPA within 120 days after the end of the fiscal year. The audit includes a list of all donors, scholarships award and private schools
- Can rollover up to 25% of annual donations
- Must work with more than one school

# How You Can Help

## Donations



## Scholarships



# How You Can Help

- Donate to GASSO
- Encourage friends, family, and employers who pay GA Taxes to donate
- Receive dollar for dollar credit on GA taxes
- Ask Corporations for Donations – They will receive dollar for dollar credit on their GA Taxes
- Apply to the schools for the scholarships

# Q & A

- ▶ Copies of the Presentation
- ▶ Copies of the “Pre Approval Form”
- ▶ Copies of the Donor Designation Form
- ▶ Consult your Tax Preparer