

Georgia Tax Credits for Donations to Student Scholarship Organizations (SSOs)

Interested **donors must** contact a Student Scholarship Organization (SSO) and express their intent to make a contribution to the SSO. The current list of SSOs in Georgia can be found on the GaDOE website at http://public.doe.k12.ga.us/pea_policy.aspx?PageReq=PEAHB1133.

SSOs must inform interested donors regarding the requirements in state law:

- \$50 million maximum allocated each calendar year for the entire program.
- Credits allocated on a first-come, first-serve basis.
- Credit limits:
 - Single individual or head of household--\$1,000 or actual amount donated, whichever is less;
 - Married couple filing joint return--\$2,500 or actual amount donated, whichever is less;
 - Seventy-five (75) percent of corporation's income tax liability or actual amount donated, whichever is less;
- **Taxpayers must** add back to Georgia taxable income that part of any federal charitable contribution deduction taken on a federal return for which a Georgia Qualified Education Expense Credit is allowed.
 - Example: Married couple filing joint return.
 - Taxpayers contribute \$4,000 to an SSO. All \$4,000 is deducted on their federal return.
 - Taxpayers applied for and were allowed a \$2,500 state tax credit which equals state tax savings of \$2,500.
 - Taxpayers must add back \$2,500 of the charitable contribution deduction on their Georgia return which means they are only able to deduct \$1,500 in charitable contributions on their state return.

Donor must notify the Department of Revenue regarding the total amount he/she intends to donate to Student Scholarship Organization and request pre-approval for the tax credit.

Within 30 days, the Georgia Department of Revenue will pre-approve, deny, or reduce the requested amount based on availability of tax credits remaining against the aggregate total of \$50 million.

- If you have questions regarding pre-approval of the credit contact Beverly Bennett at the Georgia Department of Revenue at (404) 417-2422.

Within 30 days of the pre-approval notice, **donors must** make their contribution to an SSO. **Donors must** make their donation to an SSO by the end of the same calendar year in which the donation was pre-approved.

SSOs must provide a letter to each donor confirming the dollar amount of the donor's contribution.

State law requires that **donors** file the SSO confirmation letter with their tax return:

- Georgia's electronic filing of individual income tax returns is tied to the federal electronic filing system, which does not accept attached documents. **Therefore, electronic filing of a state individual income tax return will not be available for taxpayers claiming this state tax credit;**
- Corporations and partnerships (including Limited Liability Companies filing for tax purposes as either partnerships or corporations) that claim the credit can still electronically file their return.
- If you have technical questions regarding the tax credit program, please contact Pamela Goshay at (404) 417-2441 at the Georgia Department of Revenue.

NOTE: Scholarship money will be distributed by the Student Scholarship Organizations not by the Department of Revenue.