

# House Bill #1133

## GEORGIA EDUCATION EXPENSE TAX CREDIT / SSO SCHOLARSHIPS

### **What is House Bill 1133?**

The Georgia Education Expense Credit provides individual and corporate taxpayers with the opportunity to contribute to qualified Student Scholarship Organizations (SSOs) and receive a dollar-for-dollar credit against their Georgia income tax liabilities. The amounts contributed to the SSOs are used to provide scholarships to students who desire to attend private K4 and K-12 schools. Trinity Chapel Academy is a member of the Georgia Christian School Scholarship Fund SSO. [www.gcssf.org](http://www.gcssf.org)

### **Who is eligible to receive the scholarship?**

Students entering K4 and Kindergarten for the first time or who are transferring from a public school to a participation private school are eligible to receive funds from the scholarship.

### **Who contributes to the scholarship fund?**

**Anyone who is a GA taxpayer can contribute** and receive a credit on their GA state tax return. Individuals may donate up to \$1,000 per calendar year and married couples filing jointly may contribute up to \$2,500 per calendar year. In addition, some corporations may be able to donate up to 75% of their annual tax liability to the scholarship fund. Although these limits are the maximum donations, there are no minimums and donors may contribute more than once during a calendar year provided the total donations do not exceed the limits. Parents, grandparents, aunts, uncles, friends and co-workers can all contribute and receive a credit on their GA taxes. 90% of their donation can be used for scholarships for qualifying students.

### **I don't have an extra \$2,500 or even \$1,000 in my budget right now, but I want to take advantage of this. What can I do?**

Everyone's financial situation is different and you should have your tax professional or accountant advise you regarding your tax liabilities. However, many families find that setting up a separate savings account designated for taxes and changing their GA withholding amounts can help to build the initial donation fund. January and February are great months to begin planning this donation for the current tax year!

### **Is there any reason the state of GA would not allow my donation?**

GA has set a cap of \$50 million per calendar year on total tax liabilities that can be contributed to an SSO. Last year, only \$5 million was donated to SSOs. As long as the maximum donations have not been reached, you should be able to contribute. However, as the program grows in popularity, that maximum could be reached so it is best to begin planning and donating as early as possible in order to secure your approval.

### **Okay, this sounds great and I want to participate! What do I do now?**

As soon as you are ready to make your donation, please let the school finance or admissions office know. Complete form IT-QEE-TPI (attached) and submit it to the GA Department of Revenue. You will receive your approval within 30 days. Once you receive approval from the GA DOR, you have 30 days to make your donation to the Scholarship Organization. The SSO will then send you a confirmation of receipt of your donation. You will submit the confirmation with your tax return to receive your tax credit.

## Example of HB1133 Working for a Qualifying Student

Qualifying Student Applies for Admission and is accepted into a Participating School

Parents decide to contribute \$2500 and Complete GA Form IT-QEE-TPI and submits to the GA Department of Revenue for pre approval. Grandparents also decide to contribute \$1000 and Complete GA Form IT-QEE-TPE and submits to the GA Department of Revenue for pre approval.

In approximately 2-4 weeks, parents and grandparents receive written pre approval from the GA Department of Revenue for their donations. Parents should then notify the school that approval has been secured and a donation is being made.

Within 30 days of receiving approval, parents and grandparents each submit their donations to the GA Christian School Scholarship Fund. TCA (or participating school name) should be written on the "For" line of the donation check.

Parents and Grandparents each receive a receipt for their donations from the GCSSF to attach to their state tax return and will count as a 100% credit toward their GA state tax liability.

Parent of qualifying child comes in to the TCA financial office to sign the scholarship agreement. TCA submits the agreement to the GACSSF to request 90% of the donations to be applied to qualifying child's tuition. (In this example, \$2250 and \$900 of the parent's and grandparent's donations would be requested)

GCSSF submits a check for the requested amount to TCA made payable to the parents of the qualifying student. Parent endorses the check and it is deposited by TCA and credited to the qualifying child's tuition.

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In this example, the qualifying student's annual tuition is \$6,300.00. Once the scholarship payment is applied, the student's account is credited \$3,150.00. This leaves a final balance of \$3,150.00 to be paid. This balance can be paid in full by June 1 or a quarterly or monthly payment plan could be chosen. If additional donations are received before December 31, 2011 the tuition balance would be further discounted and any payment plans would be adjusted accordingly.