



www.GraceScholars.org

Grace Children with Catholic Education By Redirecting Your Taxes



“ Catholic schools draw their life’s breath from their roots in the Catholic community and they in turn breathe new life into the church.”- 1991 Executive Summary-National Congress on Catholic schools in the 21st century

Highlights of Georgia Law Passed in 2008

- **100% percent**, dollar-for-dollar tax credit allows tax payers to “redirect” (move your tax payment) to scholarships for students
- Allows a total of **\$50 mm/year in tax credits**
- Credits go to individuals/corporation who donate to qualified **Student Scholarship Organizations (SSOs)**- maximum is \$2,500/joint return; \$1,000/single return; 75% of state tax liability/ “C” Corporation
- **Scholarships** must be **granted to new entrants** into the school system (i.e. 9th grade, kindergarten, accredited pre-kindergarten or transfer)
- **Donors can designate which school gets the tuition assistance**
- **Scholarship is for child’s school “career”**-money set aside year one and paid out annually- assuming continued eligibility

Highlights of G.R.A.C.E. Scholars

- A qualified **Student Scholarship Organization (SSO)** established in 2008 by the **Archdiocese of Atlanta and Diocese of Savannah**
- The only SSO endorsed by Archbishop Gregory and Bishop Boland
- Dedicated to **providing tuition assistance** to children entering the Catholic Education system in Georgia

- For more information, please visit www.GraceScholars.org

Financial Impact – Example

*Assume \$75,000 federal/state taxable income on joint return;
\$2,500 donation; no change in state withholding during the year of
donation (i.e. final state tax payment is reduced or refund
calculated)*

	<u>Before</u>	<u>After</u>	<u>Cash In (Out)</u>
Donation		\$2,500	(\$2,500)
Fed. Tax. Income	\$75,000	\$72,500	(1)
Federal Tax	\$11,600	\$10,975	\$625 (2)
State Tax. Income	\$75,000	\$75,000	(3)
State Tax	\$4,000	\$4,000	
<u>State Credit</u>	\$0	(\$2,500)	(4)
Net State Tax	\$4,000	\$1,500	\$2,500
Net Total			\$625 (5)

- (1) Donation **increases charitable contributions**
- (2) Marginal rate of 25%
- (3) Donation is **not a deduction** for state calculation
- (4) Donation is a **credit** against state taxes
- (5) In following year, because state taxes have been reduced, federal taxes would increase by \$625 and state taxes would increase by \$150 (6% of donation). Total cost over two years is \$150 or 6% of the donation made

Please note:

AMT status or limitations on itemized deductions can change an individual's federal and state tax calculations.

Individuals should consult with their tax advisors regarding their specific circumstances.

Donation Process (Redirection)

- Individuals submit approval form to State by mid-October
- ↓
- List GRACE as the SSO and donation amount
- ↓
- Donation can't exceed \$2,500 for joint return and \$1,000 for single (should not exceed total Georgia tax liability)
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- State will approve and return form in 30 days
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- Upon receipt of State approval, donation must be made within 30 days to GRACE. Donors may designate specific schools by using the GRACE Designation Form
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- GRACE will send back a tax form acknowledging receipt
- ↓
- File State tax return. Attach completed Credit Compensation and copies of GRACE Confirmation and State Preapproval. (NOTE: State Return must be filed in paper format, Federal Return may be in electronic format)



“When we help our children, we really help our Church”

– Archbishop Wilton D. Gregory, SLD

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