

Georgia Education Expense Credit/ G.R.A.C.E. Scholars, Inc.

Frequently Asked Questions

How does it work?

A taxpayer in Georgia can “redirect” part of their Georgia income tax to a student scholarship organization (SSO) to provide scholarships for students to attend private schools. This “redirect” occurs because the tax payer receives a 100% tax credit against their GA tax liability for the amount donated to GRACE. Therefore, money that was going to pay taxes has been “redirected” to support Catholic education for those in need.

How much can I donate?

- A single taxpayer can “redirect” up to \$ 1,000.
- A married couple filing jointly can “redirect” up to \$ 2,500.
- A married couple filing jointly, that pays AMT (alternative minimum tax) can “redirect” up to \$ 2,500 and save \$725 (due to a tax savings of \$ 3,225 for both federal and state).
- A “C Corporation can “redirect” up to 75% of their total Georgia state tax liability.

Can corporations, partnerships, Sub-S corporations, or LLCs donate?

Yes. A “C” corporation can “redirect” up to 75% of their Georgia income tax liability and also take a federal income tax deduction for the contribution.

Since partnerships, S corporations, and LLCs pay no Georgia income tax directly, these contributors are subject to the same limits as an individual, whether as a single taxpayer (up to \$ 1,000), or a married couple filing jointly (up to \$ 2,500).

Will this trigger an audit of my return?

No. The credit is applied against your Georgia income tax liability, and is preapproved by the state of Georgia. It is processed just like a tax payment.

Can I specify that my donation be used for scholarships at a specific Catholic school?

Yes. All of the Catholic schools in Georgia are eligible to receive funding through the G.R.A.C.E. Scholars, Inc. SSO, which allows one to specify the school at which your contribution will be used for scholarships. *Please use the GRACE Designation Form to specify your school.*

Can I specify that a particular student receives a G.R.A.C.E. scholarship?

No. Donors may specify at which qualified school they desire the contribution to be distributed, or the most Economically Disadvantaged Students only, but not for specific children or families.

What if I make a tax credit eligible contribution but do not owe that much in Georgia taxes?

If your Georgia income tax liability is less than the tax credit available to you, you may carry the excess forward for five years. If the amount of your tax credit, income tax withholdings, and estimated income tax payments exceed your Georgia income tax liability, the state of Georgia will refund the excess to you.

When will I receive the state tax credit for my contribution to G.R.A.C.E. Scholars?

For contributions made during the current calendar year, the tax credit will reduce the current year's tax liability.

When is the scholarship money distributed?

Money donated prior to May 31 will be awarded to students in August of that year. Money donated after June 1 will be awarded to students in August of the following year.

Who qualifies for the financial aid?

Any resident entering a Catholic school for the first time from a Georgia public school, or a child eligible to enter kindergarten (or pre-kindergarten if an accredited program) with financial need may qualify for a G.R.A.C.E. Scholars, Inc. scholarship.

Can the same student receive scholarship money for more than one year?

Yes. Once a G.R.A.C.E. scholarship is awarded, the student will continue qualifying for the aid as long as the family maintains financial need and the student remains in good academic standing with the school.

How much is a typical scholarship?

Award amounts are dependent on both the amount of funds available and the family's need.

Is there a maximum that a student can receive?

Yes. The maximum scholarship is no greater than the identified financial need.

How do I apply?

Please contact your local Catholic school for information on applying for a G.R.A.C.E. Scholarship.

If you have any additional issues or questions, please refer the Georgia Department of Revenue website, <https://etax.dor.ga.gov/inctax/taxcredits.aspx>, the Georgia Department of Education, http://public.doe.k12.ga.us/pea_policy.aspx?PageReq=PEAHB1133, or feel free to contact G.R.A.C.E. directly.