



INDIANA SCHOOL TAX CREDIT SCHOLARSHIP SGO PROGRAM DONOR FAQ

What is a Scholarship Granting Organization (SGO)?

A SGO is an entity that awards tax credit scholarships to eligible students at participating schools. Qualified SGOs receive funding for scholarships from private, charitable donations. Those individuals or businesses who have donated to an SGO approved by the Indiana Department of Education are eligible to take advantage of a 50 percent credit against their individual or corporate state-tax liability.

Who receives the tax credit scholarships?

Scholarship recipients are K-12 students in Indiana who meet income eligibility requirements and attend a participating private school.

Can I designate a school or student to receive my gift?

You may designate your gift to go to a specific school, but not to a specific student.

What can I donate?

- Cash
- Checks
- Credit and Debit cards
- Securities, including stocks and bonds.
- Gifts of Grain
 - please contact IQE for specific instructions
- Qualified Retirement Fund Charitable Rollover (age 70.5 or 72.5)
 - The donation must come directly from your IRA to IQE to satisfy the IRS requirements. Please contact your IRA custodian to initiate the transaction. The IRA custodian will send us paperwork to secure the transaction and the check will be sent directly to Institute for Quality Education.
- Donor Advised Funds (DAF)
 - Granting the credit is subject to two major conditions, both of which must be met. First, the credit can only be granted to the original donor of the funds; no other individual may claim the credit. Second, the donor must be willing to be subject to any federal provisions accompanying the credit. This includes potential exposure to reduced charitable deductions (determined as of when the contribution to the DAF is made) and potential exposure to federal excise taxes, especially those under IRC Section 4958.

Always consult your tax consultant before making any charitable gift.

What is the total contribution and credit amount?

There are no limits to how much or how often a donor can contribute to a qualified SGO, however the entire tax credit program cannot award more than \$17.5 million in credits in fiscal year 2022 (July 1, 2021 – June 30, 2022). There is no cap on the number of tax credits a donor can secure to the extent they are available. The



Indiana Department of Revenue provides the total credits awarded to date on their website at <http://www.in.gov/dor/4305.htm>.

How do I claim my credit?

The receipt letter you receive from IQE will have the amount of the donation and the tax credit certification number (TCCN). The TCCN is provided by the Indiana Department of Revenue and must be included on your Indiana tax return to receive the state tax credit. Report the amount of the tax credit (50 percent of the amount of the contribution) on Schedule 6, line 6. The credit name is School Scholarship Credit and the code number is 849. Also, complete and attach Schedule IN-OCC with the year of your donation in column B, the certification number (TCCN) from your receipt letter in column C, 849 as the code in column D, and the amount of your credit in column E.

What happens if I forgot to claim my credit?

A donor can either file an amended state tax return or include it in their return the following year (the credit carries forward for up to nine years).

What happens if the annual tax credit allocation is depleted before the end of June?

The State has set aside a limited amount of money for tax credits each fiscal year. If that amount is depleted, tax credits for new donations will not be available until the next fiscal year commencing on July 1. Should your donation be received after the tax credits have been exhausted, IQE can either return your donation, or if you prefer, process it without the tax credit. Donations processed without the state tax credit are still considered charitable contributions for federal tax purposes. If your donation is returned, it could be resubmitted for a tax credit on July 1 of the subsequent fiscal year.

How do I make sure that my year-end donation counts in the right tax year?

To comply with IRS requirements, the donation must occur during the tax year for which you would like to claim it. The easiest way to make a last-minute donation is to give online at www.i4qed.org/donate. If you prefer to mail your donation (either directly to us or to the school), consider taking it to the post office during business hours by the last day of the year.

Caution: If you drop it in a mail collection box on the last day of the year, it may not be processed (postmarked) until the first business day of the following year. If you are dropping your donation off at a school or at our offices, please do that during business hours when there is a staff person available to accept the donation.