



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



For more information please contact Kim Graff, Development Director, St. Catherine of Siena Catholic School 770-419-8601 ext 1422 kgraff@scsiena.org

Financial Impact – Example

Assume \$75,000 federal/state taxable income on joint return; \$300 donation; no change in state withholding during the year of donation (i.e. final state tax payment is reduced or refund calculated)

	Before	After	Cash In (Out)
Donation		\$300	(\$300)
Fed. Tax. Income	\$75,000	\$74,700	(1)
Federal Tax	\$11,600	\$11,525	\$75 (2)
State Tax. Income	\$75,000	\$75,000	(3)
State Tax	\$4,000	\$4,000	
State Credit	\$0	(\$300)	(4)
Net State Tax	\$4,000	\$3,700	\$300
Net Total			\$75 (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 \$75 and state taxes would increase by \$18 (6% of donation). Total cost over two years is \$18 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
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- 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)



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