

Providence SCHOOL OF TIFTON

Classical Christian Education | Jr. Kindergarten through Class 8 | Est. 2020



PROVIDENCE SCHOOL OF TIFTON GEORGIA TAX CREDIT SCHOLARSHIP PROGRAM

I. WHAT IS A GEORGIA'S TAX CREDIT SCHOLARSHIP?

Under Georgia law, taxpayers may redirect a portion of his or her state income tax payments to provide a scholarship for a Providence student. When tax payers utilize this option, Providence receives scholarship funds for eligible students, and the donor receives an income tax credit for the amount donated.

II. THE ROLE OF THE PROVIDENCE TAX CREDIT SCHOLARSHIP TEAM: WORKING TOGETHER TO BUILD OUR SCHOLARSHIP PROGRAM

*TWO ARE BETTER THAN ONE, BECAUSE THEY HAVE A GOOD REWARD FOR THEIR TOIL.
ECCLESIASTES 4:9*

- **To fully understand Georgia's tax credit scholarship program.** The biggest challenge to this program is understanding it and explaining it to others. The program offers a tremendous incentive for donors and huge benefits for Providence students.
- **To assist Providence families with scholarship donation participation.** Once tax payers understand the opportunity, they are often willing to participate. We need volunteers to input tax donation requests and make follow-up phone calls to donors once the Georgia Department of Revenue approves the request.
- **To educate businesses owned by Providence families and friends in the program.** In our second year, many families personally know the benefits of a classical Christian education and how Providence delivers using that model. We believe that once donors understand the role they can play in supporting our School through a tax credit donation, they will gladly join in supporting us.

III. THE ROLE OF GOLDEN DOME STUDENT SCHOLARSHIP ORGANIZATION.

According to Georgia law, donors and schools must work with an approved Student Scholarship Organization (SSO). An SSO is a 501(c)(3) organization that collects and manages scholarship funds in accordance with Georgia education tax credit law. Providence partners with Golden Dome, Inc. an SSO based out of Lake Park, Georgia. Golden Dome is run by Sky and Annie Hardin who are willing and eager to support all Providence's efforts in recruiting tax credit scholarships.

IV. HOW MUCH CAN A TAXPAYER DONATE: TWO MAIN QUESTIONS

1. **What is donor's eligibility bracket – the easy part. The tax credit limits are based on the tax payer's filing status.**

Tax Credit Limits Based on Filing Status:

- Single individual or head of household – up to \$1,000
 - Married couple filing a joint return – up to \$2,500
 - Married couple filing separate returns – up to \$1,250
 - S corporation shareholder, LLC member, or partnership partner – up to \$10,000
 - **New Opportunity for 2022:** S corporation, LLC, or partnership that elects to pay tax at the entity level – up to 75% of Georgia income tax liability
 - C corporation or Trust – up to 75% of annual Georgia income tax liability
2. **What is their expected state income tax liability.** Georgia income tax liability is typically Georgia's marginal tax rate (5.75% for 2022) multiplied by taxpayer's Adjusted Gross Income (AGI). If the taxpayer's income and deductions will not change much from the prior year, he or she can look at the previous year's Georgia income tax return (Form 500) and estimate tax liability accordingly. Of course, only an accountant or other tax professional can provide a solid estimate for tax liability. *For individuals, if a donation exceeds tax liability, tax credits may be carried forward for five years.*

V. HOW TO MAKE A DONATION IN FIVE-MINUTES

1. Tax payer completes Golden Dome request form – it takes two minutes! This be done over the phone with a Golden Dome professional or a member of Providence's tax credit scholarship team. *Nothing is paid at time of request.*
2. Tax payer receives letter of approval for contribution from Georgia DOR and mails check within 60 days of the date of the letter. Tax payer automatically receives receipt from Golden Dome after payment.
3. Tax payer provides DOR approval letter and Golden Dome receipt to tax professional and claims Georgia Education Income Tax Credit: When taxpayer files a

tax return the following year, he or she will take a 100% Georgia income tax credit for contribution amount.

VI. 3 THINGS WE WANT POTENTIAL DONORS TO KNOW

1. Tax credit scholarships provide donors with a choice on how their tax dollars are spent. Rather than income tax dollars passing through the state legislature's general budget, **the funds are paid directly to a local school and used by a local student.**
2. **Tax Credit scholarship provide local parents with educational freedom and choice.** Providence supports many students with specific emotional and learning needs. Some students greatly benefit from a smaller learning environment with increased emotional support and connection that comes with a small environment. Other students need additional academic and behavioral support and development is often not possible in a large group setting. Through special training, Providence teachers and staff are able to meet many of those needs.
3. Tax Credit scholarships make Christian education a possibility. While all students and families at Providence have different educational and emotional needs, all understand the vital role education plays in discipling our children and teaching the marvelous truths about God that are made known throughout *all subjects*. **It is our goal at Providence that no student is denied access to Christian education because of financial limitations.** Currently, tax credit scholarships play an important role in serving those needs.

VII. HOW HAS PROVIDENCE PREVIOUSLY USED THESE FUNDS?

1. Forty out of 70 Providence students received a tuition assistance scholarship, ranging from 5% - 75% of tuition.
2. Five additional students received a scholarship of less than 5%.
3. Providence has awarded \$150,000 in scholarships within our first two years of opening.
4. Our goal is to raise \$250,000 in SSO scholarship funds for the 2022-2023 school year.
5. We aim to have 100% participation in our SSO scholarship fund from all eligible faculty, Board members, and families.

VII. FREQUENTLY ASKED QUESTIONS

1. *How does a tax credit differ from a deduction?* A tax credit is significantly more beneficial than a deduction. A credit reduces your Georgia taxes dollar-for-dollar while a deduction reduces the taxable income upon which taxes are calculated.
2. *Can a business claim a federal deduction for a tax credit scholarship donation? Yes, in 2022.* New changes to state and federal law will allow C and S corporations to claim a deduction for tax credit donations in certain circumstances. This provides a huge incentive for businesses to participate in this plan! Currently, deductions are not permissible for 2021 donations.
3. *I have ties to another private school. May I donate to more than one school?* Yes. Donors may designate more than one school recipient when making a donation. Any funds designated to another school, Golden Dome will process and forward appropriately.
4. *I usually receive a tax refund. What will happen if I make a tax credit donation?* For individuals making donations, if your Georgia income tax liability meets or exceeds your contribution, your refund will increase by the amount of your donation. The same is true for business donations that meet or exceed tax liability – the overpayment is refunded. If your state income tax liability is less than the amount of your donation, for individuals the amount of the unused credit can be carried forward for up to 5 years. For a business making a donation, the credit may not be carried forward.
5. *Can a W-2 wage earner reduce withholdings to recoup the funds earlier than tax filing time?* Yes. If Georgia income taxes are being withheld, the wage earner may reduce the amount of the withholdings to account for the scholarship contribution and corresponding tax credit.