

# Illinois Tax Credit Scholarship Information for Donors

## What is a Tax Credit Scholarship Program?

A Tax Credit Scholarship Program allows taxpayers – individuals, corporations, partnerships or trusts – to donate to Scholarship Granting Organizations (SGO) and receive a credit on their state taxes in return. Currently, the SGOs are **Empower Illinois and Big Shoulders Fund**.

**Big Shoulders and Empower Illinois** will then use the donations to grant scholarships to qualifying students to attend a qualifying nonpublic school. **However, we are asking individual donors to designate St. Joseph High School when submitting your application to the State of Illinois. This insures that your tax credit donation will provide financial assistance to a St. Joseph High School student.**

**All tax credits will be authorized through the IL Department of Revenue.**

**Support St. Joseph High School when you sign up with Big Shoulders or Empower Illinois (SGOs). Please be sure to designate St. Joseph High School (individual donors or Region I (Corporate Donors)) when you apply for the State of Illinois Tax Credit.**

## TAX CREDIT

Any donating taxpayer will receive a 75% credit. This means that if a donor donates \$10,000, they will receive a state tax credit of \$7,500.

- Donations by a single taxpayer are capped at \$1 million.
- Individuals can direct their donations to a school or subset of schools of their choice but not to particular students. It is important for you to designate your donation to **St. Joseph High School and designate Region I** which is the region in which St. Joseph High School resides.
- Corporations cannot designate their donations to a specific schools or students but Corporations can designate their donations to a specific region. **St. Joseph High School is in Region I.**
- The credit is non-refundable (meaning it cannot take a taxpayers liability below zero), but it can be carried forward for five years.

## Can a donor receive a federal tax deduction in addition to a state tax credit for the same donation?

No. The legislation specifically prohibits this.

## What is the benefit of this program if I cannot take a federal tax deduction?

While you will not be able to claim a federal tax deduction, a donor will be able to realize a reduced tax liability.

## Is there a program cap? If so, what is it?

Yes, there is a cap. It is \$75 million per year.

- The cap sets the amount of tax credits that can be handed out; it does not cap the amount of scholarships that can be distributed under the program.
- In order for the \$75 million cap to be hit, \$100 million will have to be donated.

## **How does that donation process work?**

Beginning on January 2, 2018, individual and corporate donors will be able to apply for tax credits on a Department of Revenue website. The Department will issue rules to define the application process.

- **Donors will need to set up an account at [mytax.illinois.gov](http://mytax.illinois.gov) in order to apply to participate in this program. As part of the process of creating an account, you must request a “Letter ID” from the Illinois Department of Revenue via the “individuals” menu on [mytax.illinois.gov](http://mytax.illinois.gov), which will be sent via US mail within 7 to 10 business days. Once you receive the “Letter ID,” you will be able to create an account. Taxpayers should request the “Letter ID” now, before the program goes live on January 2, to avoid processing delays. The credits are awarded on a first come, first served basis and donors must have a MyTaxIllinois account in order to reserve the credits.**
- **On January 2, 2018, log in to your MyTaxIllinois account to apply for a “Contribution Authorization Certificate” in the amount you plan to contribute toward the Scholarship Granting Organization (SGO). Also designate the region and organization to which your contribution should be directed (Big Shoulders).**
- **You will receive your Contribution Authorization Certificate via your MyTax Illinois account within three days. You then have 60 days to send your contribution and your authorization certificate to the Scholarship Granting Organization, Big Shoulders Fund.**

**We suggest that you set up your account now so that when the authorization process opens up on January 2nd, 2018 you will be able to submit your application. Again, it is important that individual donors select St. Joseph High School as their designee and corporations select Region I, of which St. Joseph High School is a member, as their designee.**

If a donor doesn't donate, rescinds their donation, or gives less than they indicated to the Department of Revenue, they will not receive ANY tax credit. All unused tax credits will be put back into the program until the cap is hit.

## **SCHOLARSHIP GRANTING ORGANIZATION (SGO)**

### **What is an SGO?**

An SGO is a 501c3 non-profit organization whose primary aim is to give scholarships to students. The current SGOs are **Empower Illinois** and **Big Shoulders Fund**.

### **SUNSET**

A taxpayer may take a credit under this Act for tax years beginning on or after January 1, 2018 and ending before January 1, 2023. A taxpayer may not take a credit pursuant to this Act for tax years beginning on or after January 1, 2023.

This Act is repealed on January 1, 2024.