



Children's Tuition Fund

CONTRIBUTIONS

Who may contribute to an SGO?

Any person or business entity may donate to an SGO, but only individuals and certain types of corporations may qualify for a tax credit, as discussed below.

Can I contribute to an SGO for a tax credit if I don't reside in the state of Alabama?

Yes. As long as you pay Alabama state income taxes, you can contribute to an SGO for a tax credit, even if you do not physically reside in the state of Alabama.

Who qualifies for the Alabama tax credit?

The Alabama tax credit is available to individuals and to corporations that are taxed under Subchapter C of the Internal Revenue Code ("C corporations").

What is the amount of the Alabama tax credit?

Eligible donors who contribute to an SGO will receive a one-for-one tax credit against their Alabama income taxes for up to 50% of their total Alabama income tax liability, subject to a \$50,000 cap on the credit for individuals (or married couples filing jointly). For example, an individual donor or married couple with an Alabama income tax liability of \$20,000 may claim a credit of any amount up to \$10,000. Oversubscription of the tax credit may be carried forward by the taxpayer up to three years.

Does my contribution qualify for a federal tax deduction in addition to an Alabama tax credit?

The IRS has ruled that contributors to state-based tax-credit programs can no longer take a federal tax deduction, but we are awaiting a final notice as we testified for these programs during a public hearing. Please see our letter to the IRS on the home page of the Children's Tuition Fund website.

Can I designate the specific partner school I want my contribution to support?

Under current Alabama law, a scholarship granting organization cannot award, restrict, or reserve scholarships on the basis of a donor's restriction or condition.

What happens if I cannot use the full amount of my Alabama income tax credit for this year's taxes?

Any tax credit you receive as a result of your donation to an SGO may be carried forward for up to three years and applied against future years' income tax liability.

Are there any limitations on my ability to receive a tax credit?

The Act limits the amount of credits that may be awarded by all SGOs throughout Alabama to \$30 million each year. These credits are awarded on a first-come, first-served basis. This means that it is important for you to act quickly to reserve your credit and ensure that a student at your preferred school will receive a scholarship at no cost to you!

When do I send my donation?

On the same day you reserve your credit with Department of Revenue, mail a check from your personal account to Children's Tuition Fund of Alabama (CTF AL). To receive the tax credit, the amount of the check must be the same as the amount reserved with Department of Revenue. Checks should be payable to "Children's Tuition Fund of Alabama". It is important that the check is sent at the same time the reservation is made.

How do I reserve my credit?

Once we have received and processed your donation, we will confirm your donation with the Department of Revenue. The Department of Revenue will send you a letter confirming the Alabama state income tax credit. The Children's Tuition Fund office will send you a letter that may serve as your donation receipt for federal tax purposes.

How will I receive my credit?

When you reserve a credit for a donation online, you will receive an immediate confirmation from the Alabama Department of Revenue stating that your reservation is complete. After reserving your credit, you will send your donation to us. When we have deposited your check and determined that the check has cleared, we will verify your contribution with the Alabama Department of Revenue. Once we have verified your contribution, you will receive a voucher in the mail that you will submit with your tax return to show that you are entitled to the credit.

May I send a check from my company's account?

The check must be from the individual donor's personal account, even if a company is wholly owned by the person claiming the tax credit. The Department of Revenue requires that the donation check be drawn on the account of the person claiming the tax credit.

Mail your personal check to:

Children's Tuition Fund of Alabama

Attn: John Wilson

731 Chapel Hills Drive

Colorado Springs, CO 80920

Once CTF AL receives and processes your check, we will verify your tax credit on ADOR (Alabama Dept. of Revenue) website and send you a receipt. After your donation is verified, the Department of Revenue will send you a separate Alabama Tax Credit Receipt.

For more information, please call the Children's Tuition Fund office at 719-867-0125.