

# ILLINOIS TAX CREDIT SCHOLARSHIPS

## PERSONAL BENEFIT -- COMMON GOOD

### What are tax credit scholarships?

The Illinois Tax Credit Scholarship Program, “Invest in Kids,” provides a **75%** Illinois state income tax **credit** to individuals and corporations that contribute money to a non-profit Scholarship Granting Organization (SGO). The SGO will then award scholarships to eligible students from low-income families.

- An individual or corporation will receive a 75 percent credit on donations to an SGO. A tax credit is a dollar for dollar reduction of your tax bill. For example, if a person donates \$1,000, they will receive a State of Illinois income tax credit of \$750.
- Donors can designate their donations to St Theresa School.
- The credit can be carried forward for five years.
- However, this is not a federal credit and donors are prohibited from receiving a charitable tax deduction for these donations. Therefore, the Illinois credit still exists whether you are a taxpayer who itemizes on Schedule A of your Federal return **OR NOT**. Recent tax law changes resulted in many taxpayers no longer itemizing. \*\*

The state program Invest in Kids offers a transformational opportunity for St Theresa School through these tax credit scholarships (TCS). Children from low-income families attending St Theresa may have access to scholarships that cover up to 100% of tuition and fees for these students. Scholarship eligibility is based on a family's income and available funds earmarked by the State of Illinois.

**ADDED INCENTIVE:** Through a program developed by the Archdiocese of Chicago which commences December 1, 2022, there is a **1 for 1 match** to your contribution\*. So, a \$1,000 donation as in the example above becomes \$2,000 to St. Theresa School. Again, the net effect to you from a tax standpoint is \$250 (\$1,000 donation, less \$750 credit).

## INVEST IN KIDS IN THREE EASY STEPS

1. **START THE TAX CREDIT APPLICATION PROCESS BY SETTING UP AN ACCOUNT AT [www.mytax.illinois.gov](http://www.mytax.illinois.gov)**

Applicants are required to have a *MyTax Illinois* account in order to “Reserve your Credit”. For first time donors, you must “Request a Letter ID” from the Department of Revenue. This ID is mailed and normally takes 7 to 10 business days to receive.

After the Letter ID is received, go back into myTaxIllinois.com to reserve your credit. For help in setting up the account you may also visit the Archdiocese website [www.archchicago.org/tcs](http://www.archchicago.org/tcs) for step by step instructions for creating an account (click through the steps listed on the site).

## **2. DONATE TO A SCHOLARSHIP GRANTING ORGANIZATION (SGO) WITHIN 60 DAYS**

Once the application is approved, donate to a Scholarship Granting Organization (SGO) within 60 days. The SGO with whom St Theresa is partnering is called Empower Illinois and their website is [www.empowerIllinois.org](http://www.empowerIllinois.org) . Again, assistance with the donation process can be found at [www.archchicago.org/tcs](http://www.archchicago.org/tcs) (captioned “What is the process for donating”). For 2022, immediately after December 1 through December 31, 2022 year is the best time to apply for this credit for tax purposes and matching **1 for 1** funds\*.

## **3. DESIGNATE YOUR DONATION TO ST. THERESA SCHOOL (PALATINE)**

During the donation process, donors will be given the option to donate directly to St Theresa - Palatine in any amount up to \$100,000. ***If your SGO donation is completed after December 1, 2022, the matching 1 for 1 contribution\* from the Archdiocese will apply. So, please don't fund before 12/01/22 to get this benefit.***

Thank you for considering a donation to St Theresa School or any Archdiocesan School through the Illinois Tax Credit Scholarship. As stated throughout, more detailed information can be found at [www.archchicago.org/tcs](http://www.archchicago.org/tcs).

As with all tax related matters, you should consult your financial advisor and tax preparer when considering this donation.

\*Begins December 1<sup>st</sup>, 2022 up to \$75,000 or while funds are available in this Archdiocese program. So that means \$150,000 for St Theresa School if individuals donate \$75,000.

\*\* In general, only taxpayers who itemize on Federal Form 1040, Schedule A can deduct donations made to a charity.