JOHNSON FERRY
CHRISTIAN ACADEMY

GOAL SCHOLARSHIP PROGRAM

FREQUENTLY ASKED QUESTIONS

ABOUT THE GOAL SCHOLARSHIP PROGRAM

What is the GOAL Scholarship Program?

The GOAL Scholarship Program is a Georgia state initiative that allows taxpayers to redirect a portion of their state income tax to provide scholarships for K-12 students to attend private schools. By participating, you can support education at Johnson Ferry Christian Academy at no cost to you.

How does the GOAL tax credit work?

When you contribute to the GOAL Scholarship Program, you receive a dollar-for-dollar tax credit on your Georgia state income tax. This means every dollar you contribute is subtracted from your tax liability, making your participation virtually cost-free.

Each year, the State of Georgia sets a cap on the total amount of tax credits that can be allocated through the GOAL program. The Georgia Department of Revenue (DOR) determines this cap, and it can change from year to year based on legislative decisions. Once the cap is reached, no more tax credits can be allocated for that year.

If you apply within the application window (June to December), your application will still be processed, but approval depends on whether the cap is reached. If the program is oversubscribed, all approved applications are prorated, meaning you may receive a reduced tax credit amount. While most applicants who apply within the window do receive approval, the exact amount of the tax credit may vary based on the total number of applications and the available cap.

Who can participate in the GOAL Scholarship Program?

Any Georgia taxpayer can participate, including individuals, married couples, and business entities such as pass-through businesses (like S-Corps) and corporations.

What exactly can GOAL contributions fund at JFCA?

GOAL contributions are specifically used to fund scholarships for students to attend private K-12 schools. These scholarships are awarded to eligible students based on financial need, helping families who might not otherwise afford private education. The funds are not used for general school operations, infrastructure, or other non-scholarship purposes. Instead, they directly support tuition assistance, providing more students with the opportunity to attend and benefit from a private school education.

APPLICATION & APPROVAL PROCESS

What are the steps to participate?

Participating in the GOAL Scholarship Program involves a few straightforward steps:

Apply Online (June to December)

Visit goalscholarship.org and complete the GOAL tax credit application. The application will ask for your basic information, including your tax filing status, Social Security Number (or EIN for businesses), and the amount you wish to contribute.

- **Documents to Have on Hand:** You should have last year's Georgia state tax return (Form 500) to reference your previous tax liability, your Social Security Number (or EIN), and basic financial information.
- **Time to Apply:** The application process is straightforward and typically takes about 10-15 minutes to complete.

GOAL Submits Your Application to the Georgia Department of Revenue (DOR) (First Business Day of January)

Once your application is complete, GOAL submits it to the Georgia DOR on the first business day of January. The DOR then reviews all applications and determines the total amount of tax credits to be allocated. Because the program is highly popular, it's common for the credits to be prorated if the total requested exceeds the available limit.

Receive Approval Notification (January)

After the DOR processes your application, you'll receive an approval notification from both GOAL and the DOR. This notification will include the approved tax credit amount and the deadline by which you need to make your contribution. The approval is typically for a prorated amount if the program is oversubscribed.

Make Your Contribution (Within 60 Days of Approval, Typically by Mid-March)

You have 60 days from the approval date to make your contribution to GOAL. You can make this payment via check, ACH transfer, or credit card. It's important to complete this step on time to secure your tax credit. GOAL will provide all necessary instructions for completing your payment.

Claim Your Credit on Your State Tax Return (When Filing Your 2024 Tax Return in 2025)

After making your contribution, GOAL will send you a tax receipt in May. You will use this receipt when filing your Georgia state tax return for the 2024 tax year in 2025. The receipt will provide the necessary documentation to claim the tax credit, reducing your state income tax by the amount of your contribution.

When should I apply?

It's crucial to apply before the end of December, as the program is highly popular, and tax credits are typically fully allocated on the first business day of the year. If you wait, you may miss out on this opportunity.

What could prevent me from being approved if I apply during the application window?

If you apply during the application window (June to December), you generally have a high chance of being approved, but a few factors could affect the outcome:

Oversubscription: The GOAL Scholarship Program has a state cap on the total amount of tax credits that can be allocated each year. If the total amount requested by all applicants exceeds this cap, the Georgia Department of Revenue (DOR) will prorate the credits. This means you might receive a reduced tax credit amount instead of the full amount you applied for.

Incomplete or Incorrect Application: If your application contains errors or is missing required information (like your Social Security Number or EIN), this could delay or prevent your approval. Double-check all details to ensure accuracy.

Late Submission: While submitting within the June to December window is key, if you wait until the very end of the window, and the program is already close to or has exceeded the cap, your application might only receive a prorated credit or could be placed on a waitlist if the cap is fully reached by the time your application is processed.

In general, applying early within the window and ensuring your application is complete and accurate will maximize your chances of approval.

Do I have to reapply every year? Is it different from year one to subsequent years?

Yes, you must reapply for the GOAL tax credit every year. Each year, the application process is similar, whether it's your first time applying or a subsequent year. Here's what you need to know:

Reapplication: The GOAL tax credit does not automatically renew. You must submit a new application every year during the June to December window to be considered for the tax credit for that tax year.

No Difference Between Years: The process remains the same from year one to subsequent years. You will need to provide your tax filing status, Social Security Number (or EIN for businesses), and the amount you wish to contribute each year. The approval process, potential proration, and payment deadlines are consistent year after year.

Continuous Participation: Reapplying annually ensures you continue to receive the benefits of the GOAL tax credit, helping you support K-12 education in Georgia while managing your state tax liability.

Remember, early application each year increases your chances of securing the full tax credit amount you request.

What if the program is oversubscribed?

If the GOAL program is oversubscribed, the tax credits are prorated. For example, in 2023, contributions were approved at approximately 78% of the amount requested. A similar proration is expected for 2024.

CONTRIBUTION DETAILS

What are the contribution limits?

The contribution limits vary based on your tax filing status:

- Single Filer: $2,500
- Married Filing Separately: $2,500
- Married Filing Jointly: $5,000
- Pass-Through Owners (not making the HB 149 election): $25,000
- C Corporations or Pass-Throughs electing to pay tax at the entity level: Up to 75% of their annual state income tax liability.

How do I calculate how much to apply for?

To calculate how much to apply for, start by looking at your previous year's Georgia state tax return:

Find Your State Tax Liability: On your Georgia state tax return (Form 500), look for the line labeled "Georgia Taxable Income" or "Total Tax Liability." This will give you an idea of how much state tax you owed last year.

Determine Your Contribution Limit: Based on your tax filing status, you can contribute up to the following amounts:

- Single Filer: $2,500
- Married Filing Separately: $2,500
- Married Filing Jointly: $5,000
- Pass-Through Owners: Up to $25,000 (if not making the HB 149 election) or 75% of state income tax liability (if making the election)

Calculate How Much to Apply For: If your tax liability last year was equal to or greater than the contribution limit for your filing status, you can consider applying for the maximum amount. If your liability was less, you might want to apply for a lower amount that matches your expected liability for this year. For example, if your tax liability was $4,000, applying for the $2,500 or $5,000 limit (depending on your filing status) could be appropriate.

Should You Apply for the Maximum? Applying for the maximum allowed for your tax filing status is a good strategy if you expect your tax situation to remain stable or increase. However, if you're unsure or anticipate a lower tax liability, it might be safer to apply for an amount closer to your expected liability to avoid overcommitting.

Consult with a tax advisor if you need help estimating your state tax liability and deciding on the best amount to apply for.

What if I don't have the money to pay for my approved amount?

If you find yourself unable to pay the full amount that was approved, you are not obligated to make the payment. You should only contribute what you can afford within the 60-day payment window. It's important to communicate with GOAL if your financial situation changes, so they can help you adjust your contribution accordingly. Remember, the amount you contribute should be something you're comfortable with, and GOAL can assist in modifying your contribution to fit your circumstances.

What are the cash flow implications of the first year of applying for the tax credit versus subsequent years?

In the first year of applying for the GOAL tax credit, there are important cash flow considerations to keep in mind:

First Year Cash Flow

- **Out-of-Pocket Payment:** When you apply and are approved for the GOAL tax credit, you will need to make your contribution to GOAL in the February to March timeframe of the current year. This payment is made out of pocket.
- **Tax Credit Use:** However, you won't be able to use the tax credit to reduce your state income tax liability until you file your tax return for that year, which typically occurs in the following year (e.g., you make a payment in March 2024 but can only apply the credit when you file your 2024 tax return in 2025). This creates a delay between when you pay the contribution and when you benefit from the tax credit.

Subsequent Years Cash Flow

- **Balanced Cash Flow:** In the second year and beyond, your cash flow improves because the previous year's tax credit can offset your current year's state tax liability. Essentially, the tax refund or reduced tax payment from the prior year's credit helps to fund the new contribution. This creates a more balanced cash flow, as the credit from one year helps to cover the out-of-pocket expense of the next year's contribution.
- **Ongoing Cycle:** Once you are in this cycle, the process becomes more manageable from a cash flow perspective, as each year's tax credit essentially rolls forward to cover the next year's contribution.
- **Summary:** In the first year, you need to prepare for an out-of-pocket payment without immediate tax relief. But in subsequent years, the process becomes easier to manage, as your cash flow stabilizes with the ongoing cycle of credits and contributions.

BENEFITS & TAX IMPLICATIONS

What is the difference between a tax credit and a charitable contribution to my school?

A tax credit like the one offered by the GOAL Scholarship Program directly reduces the amount of state income tax you owe, dollar for dollar. For example, if you owe $5,000 in state taxes and you contribute $5,000 to GOAL, your state tax liability is reduced to zero.

In contrast, a charitable contribution to your school is a tax-deductible donation that reduces your taxable income rather than your tax liability. The benefit you receive from a charitable contribution depends on your tax bracket. For instance, if you're in the 22% tax bracket, a $5,000 charitable donation would reduce your taxable income by $5,000, resulting in a tax savings of $1,100.

In summary, the GOAL tax credit provides a more direct and often more significant financial benefit compared to a standard charitable contribution.

How does my contribution help?

Your contribution directly supports families who want to provide their children with a quality private education but need financial assistance. This empowers parents with more educational choices and helps schools increase their enrollment and funding.

What are the benefits for businesses?

Businesses, especially pass-through entities, can benefit from both state and federal tax advantages. Contributions may qualify as federal business expense deductions, providing significant tax savings in addition to the state tax credit.

SPECIFICS FOR PASS-THROUGH ENTITIES

How do pass-through entities, like S-Corps, calculate their credits?

Pass-through entities, such as S-Corps, have two options for participating in the GOAL program:

Electing Pass-Through Entities (HB 149): If your S-Corp elects to pay state income taxes at the entity level under HB 149, you can contribute up to 75% of the entity's annual state income tax liability to GOAL. This provides a 100% state tax credit and allows the contribution to be treated as a federal business expense, which may result in a double tax benefit.

Non-Electing Pass-Through Entities: If your S-Corp does not elect to pay taxes at the entity level, you can still contribute up to $25,000 per owner, provided the owners anticipate paying at least that much in Georgia income tax due to their pass-through ownership. Contributions may also qualify as a federal business expense deduction if they are considered ordinary and necessary for the business.

Can a pass-through entity business owner claim the credit on both the business and personal filing?

No, a pass-through entity business owner cannot claim the credit on both the business and personal filings. If the S-Corp elects to pay state income taxes at the entity level (under HB 149), the tax credit is applied at the entity level, and the owner does not claim the credit on their personal tax return. However, if the S-Corp does not make this election, the owners can claim the credit on their personal tax returns, up to $25,000 per owner. It's important to consult with a tax advisor to determine the most advantageous approach for your specific situation.