

Frequently Asked Questions

What is an SGO?

The Oklahoma Equal Opportunity Education Scholarship Act (68 Okla. Stat. § 2357.206) allows individuals and qualified business entities to receive Oklahoma state income tax credits for donating to a Scholarship Granting Organization (“SGO”) recognized by the Oklahoma Tax Commission. The SGO then uses those contributions to provide scholarships for eligible students to attend an accredited private school like The Academy. The *Academy Opportunity Scholarship Fund* is an SGO that works exclusively with The Academy.

Who is eligible for a scholarship? Can I choose the recipient?

Students receiving scholarships must qualify for aid and enroll their children at The Academy for the year in which the scholarship is received. Donors may not direct their funds to a particular student.

What are the Oklahoma State Tax benefits of a donation?

One Year Commitment (50% tax credit)

- \$2,000 if filing single, for \$1,000 tax credit
- \$4,000 if filing jointly, for \$2,000 tax credit
- \$200,000 if filing as a qualified business*, for \$100,000 tax credit

Two Year Commitment (75% tax credit)

- \$1,333 if filing single, for \$1,000 tax credit
- \$2,667 if filing jointly, for \$2,000 tax credit
- \$133,333 if filing as a qualified business*, for \$100,000 tax credit

Are there Federal Tax benefits?

If you itemize deductions on your tax return, you can treat as a charitable gift the difference between your donation and the tax credit. E.g., a gift of \$2,667 that gets a state tax credit of \$2,000 allows a federal deduction of \$667. In addition, if you have not maxed out the \$10,000 limit on State and Local Tax (SALT) deductions, you may apply your donation to this deduction as well. See [IRS Notice 2019-12](#) for details.

What is a qualified business?

The law states that a “qualified business entity” includes limited and general partnerships, corporations, subchapter S corporations and limited liability companies that file as a partnership, corporation, subchapter S or sole proprietorship.

Can a qualified business treat the transaction as a ‘necessary business expense’ in addition to claiming the credit?

Yes, under specific circumstances. Consult your tax advisor to discuss, or [contact Stephen Taylor](#) if you would like to be put in touch with a business owner who has donated to the SGO before!

What happens if the total Oklahoma state tax credit allocation is exceeded?

For calendar year 2022, the Oklahoma legislature has increased the allocation for SGO tax credits from \$5MM to \$50MM! The tax credit cap is not expected to be exceeded; however, should it surpass the amount allocated by the legislature, the donor will be notified of how much credit can be claimed. In the unlikely event this were to happen, any amount of unclaimed credit rolls forward to the next year, protecting the value of the donor’s contribution.



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2-Year Pledge Illustrations

Illustration A

A couple files a **joint return** and takes the standard deduction in year one and itemizes the following year with <\$8,000 SALT deduction, in the 22% tax bracket

	2022 SGO Donation	2023 SGO Donation
Your SGO Donation	\$2,667	\$2,667
State Tax Credit	-\$2,000	-\$2,000
Federal Benefit: Itemized Deduction of \$2000 SALT (at 22%)	n/a	-\$440
Federal Benefit: Itemized Charitable Deduction of \$667 (at 22%)	n/a	-\$146
State Benefit: Itemized Charitable Deduction of \$667 (at 5%)	n/a	-\$33
Your Total Cost	\$667	\$48

Illustration B

A couple files a joint return, itemizes deductions, already has \$10,000+ of SALT (state and local tax) deductions, and is in the 24% federal tax bracket

	2022 SGO Donation	2023 SGO Donation
Your SGO Donation	\$2,667	\$2,667
State Tax Credit	-\$2,000	-\$2,000
Federal Benefit: Itemized Charitable Deduction of \$667 (at 24%)	-\$160	-\$160
State Benefit: Itemized Charitable Deduction of \$667 (at 5%)	-\$33	-\$33
Your Total Cost	\$474	\$474

Illustration C

A Qualified Business Entity – Assumes non-itemized tax deduction, treated as a business expense with a 2-year commitment of \$20,000 per year.

	2022 SGO Donation	2023 SGO Donation
Your SGO Donation	\$20,000	\$20,000
State Tax Credit	-\$15,000	-\$15,000
Federal Benefit: Necessary Business Expense of \$20,000 (22%)	-\$4,400	-\$4,400
State Benefit: Necessary Business Expense of \$20,000 (at 5%)	-\$1000	-\$1000
Your Total Cost	\$-400	\$-400



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