

Redirect Tax Dollars to SGO Scholarships!

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. **Redirect your tax dollars to provide need-based financial aid for an Academy education!**

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 limit on State and Local Tax (SALT) deductions, you may apply your donation to this deduction as well. See [T.D. 9907](#) 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. See [T.D. 9907](#), consult your tax advisor to discuss, or [contact Stephen Taylor](#) to be put in touch with a business owner who has donated to the SGO before! Upon request, The Academy will recognize business contributions on its website, serving as a source of advertising and community goodwill.

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

The \$50MM cap on SGO donations has never been exceeded. 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 in the 22% tax bracket files a **joint return** and **itemizes deductions**.

	SGO Donation	Traditional 1-Time Donation
Your SGO Donation (the amount available for scholarships)	\$2,667	\$2,667
State Tax Credit	-\$2,000	-\$0
Federal Benefit: Itemized Deduction of \$2000 (at 22%) <i>**limited by SALT deduction cap</i>	-\$440	-\$440
Federal Benefit: Charitable Deduction of \$667 (at 22%)	-\$147	-\$147
State Benefit: Charitable Deduction of \$667 (at 4.75%)	-\$32	-\$32
Your <u>Net</u> Cost	\$48	\$2,048

Illustration B

A couple in the 22% tax bracket files a **joint return** and takes the **standard deduction**.

	SGO Donation	Traditional 1-Time Donation
Your SGO Donation (the amount available for scholarships)	\$2,667	\$2,667
State Tax Credit (75% credit)	-\$2,000	\$0
Your <u>Net</u> Cost	\$667	\$2,677

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.

	SGO Donation	Traditional 1-Time Donation
Your SGO Donation (the amount available for scholarships)	\$20,000	\$20,000
State Tax Credit	-\$15,000	-\$0
Federal Benefit: Necessary Bus. Expense of \$20,000 (22%)	-\$4,400	-\$4,400
State Benefit: Necessary Bus. Expense of \$20,000 (at 4%)	-\$800	-\$800
Your <u>Net</u> Cost (negative cost indicates getting back more than the donation)	\$-200	14,800

Nota bene: This information is for informational purposes only and does not constitute tax advice.



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