



Federal Scholarship Tax Credit
Children's Scholarship Fund

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Frequently Asked Questions

Q: What would a federal tax credit for gifts to scholarship-granting organizations mean?

A: The Federal Scholarship Tax Credit allows tax payers to receive a dollar-for-dollar tax credit for donations of up to \$1,700 for individual filers, and \$3,400 for married couples filing jointly, per year, to scholarship granting organizations (SGOs) offering K-12 scholarships.

Q: How many tax credits would be available?

A: There is no overall cap for the amount of tax credits available per year (so the tax credits will not “run out”). However, each individual taxpayer can only claim up to \$1,700 in tax credits per year, and \$3,400 for married couples.

Q: Who would be eligible to receive a federal tax credit?

A: Any individual with a federal tax liability who files a Federal 1040 Form could apply for a tax credit for a donation to an eligible SGO.

Q: How much could I donate and still receive a tax credit?

A: Individual taxpayers could donate up to \$1,700 per year, married couples that file jointly can donate up to \$3,400, and there is no minimum donation required to receive a tax credit.

Q: How would the federal tax credit be different from a charitable deduction?

A: The value of a charitable deduction depends on your marginal tax rate and whether you itemize or apply the standard deduction. For example, if you are in the 22% tax bracket and itemize, a \$1,000 donation saves you \$220. However, the tax credit would allow you to reduce your tax liability dollar for dollar by the amount of your donation. For example, the same \$1,000 donation under the tax credit would reduce your tax liability by \$1,000.

Q: What steps would I have to take to apply for and receive a federal tax credit?

A: Regulations will be promulgated by the U.S. Treasury Department, which will release instructions and rules regarding the tax credits. We will be sure to keep you posted throughout the process.

Q: When could I begin applying for a tax credit?

A: Under the law, individuals can receive a tax credit for donations made after December 31, 2026 and taken against income on their 2027 federal tax return filed in 2028.

Q: Can I donate from my donor-advised fund (DAF) and receive a tax credit?

A: Gifts made through DAFs are not eligible for a federal tax credit since the donor receives a tax benefit upon investing money in a DAF rather than when a donation is made through the DAF.



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Q: Can I donate stocks and receive a tax credit?

A: No, stock gifts are not eligible for the federal tax credits.

Q: If I donate to a state tax credit program, can I get a tax credit on both my state and federal taxes?

A: The bill does not allow for an individual to claim tax credits for the same donation on both their state and federal taxes. However, you could make a donation to an SGO that administers a state tax credit program and claim a tax credit on your state tax return, and then make a second donation to the same SGO and claim a federal tax credit on the second donation.

Q: Could I donate to an SGO based in another state?

A: Yes, if the SGO is approved by that state to fund scholarships for eligible students within that state. The federal tax credits will be awarded through the U.S. Treasury Department rather than your state government or the SGO's state government.

Q: Can a donor designate a gift for scholarships for children at a particular school?

A: Yes.

Q: Can a donor designate a gift for a particular child?

A: No, while a donor can designate a gift for scholarships for children at a particular school, they cannot designate their gift to fund a scholarship for a particular child, regardless of whether or not they are related to the child.

Q: Could a school set up its own SGO?

A: Since the law stipulates that each SGO must serve at least two schools and 10 students, a school would have to partner with at least one other school to form an SGO. For example, a network of schools could form an SGO that raises money and awards scholarships to students attending schools within the network.

Q: Will CSF knowingly solicit donors who make gifts to an SGO designated for a particular school and ask them to give for other purposes?

A: No, as an SGO under the FSTC, Children's Scholarship Fund intends to treat those donors as the school's donors rather than CSF's. CSF's interaction with the donors would be limited to sending receipts and other communications required by law.

Q. Could a donor split their gift and designate it for scholarships at more than one school?

A: Yes, a donor could split their gift, designating it for scholarships at more than one school.

Q: Could a donor designate a gift for scholarships in a particular state and allow the SGO to apply the funds where needed most?

A: Yes, donors could designate their gift for scholarships where needed most or for a particular school or state.