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I. INTRODUCTION AND PURPOSE

Created by the 2012 Louisiana Legislature, The [Tuition Donation Credit Program \(TDC\)](#) empowers Louisiana families with the financial resources to choose the school that will best prepare their child for college and career. This program provides tax credits to Louisiana taxpayers who donate to tax-exempt, not-for-profit organizations called School Tuition Organizations that provide scholarships to K-12 students. The TDC program launched statewide during the 2013-2014 school year and is governed by [BESE Bulletin 134](#).

School Tuition Organizations (STOs) play a critical role in the [Tuition Donation Credit Program](#) by: a) galvanizing Louisiana taxpayers to directly provide economic resources to Louisiana families; and b) conducting the scholarship award process to enable low-income children to attend the school that they feel will best prepare their child for college or career success.

The Louisiana Department of Education (LDOE) created this Tuition Donation Participation Guide to provide information and guidance to families, participating schools and STOs. This guide serves as a comprehensive tool designed to enhance understanding of the programmatic requirements and expectations outlined in [Bulletin 134](#) by (1) clearly communicating program requirements and expectations; and (2) providing comprehensive timelines, guidance and suggested best-practices for participation.

II. PROGRAM ELIGIBILITY

Donors must meet eligibility criteria to participate in the [Tuition Donation Credit Program](#).

DONOR ELIGIBILITY

While STOs may receive donations from any donor, donors must meet the following requirements to qualify for a tax credit:

- Donors must be taxpayers who are required to file a Louisiana income tax return for the year in which the donation was made; and
- Have some portion of their donation used by the school tuition organization to provide scholarships for tuition and fees for student scholarships at an eligible school.

Donors who allocate their donation to cover 100% operating/administrative costs may still qualify for a tax deduction for a donation to a charitable organization, but since no funds were used to fund student scholarships, the donation would not qualify for a tax credit for this program. STOs are responsible for verifying donor eligibility and should retain donors' Louisiana Tax-ID for their records.

III. DONATIONS AND CREDITS

The [Tuition Donation Credit Program](#) provides Louisiana taxpayers the opportunity to receive tax credits for donations that fund private school scholarships for low-income students. However, parents who receive scholarship payments are not allowed to claim the amount received as any other credit, deduction, exemption, or rebate.

TAX CREDIT AMOUNTS AND ADMINISTRATIVE FEES

Donors receive tax credits that are equal to the actual amount of the donation used by a school tuition organization to fund a scholarship to a qualified student, which shall not include administrative costs.

STOs may use no more than 5% of donations for student scholarships on administrative costs such as salaries, supplies or utilities.

DONATION AND TAX CREDIT IMPLICATIONS

Donations used to fund student scholarships directly lower a donor’s tax liability. Donors and STOs with specific questions regarding how a donation may impact a donor’s specific tax liability should consult a tax lawyer or advisor.

DONATION SPECIFIC STIPULATIONS

Donors may impose specific stipulations on any donation that they make to an STO. However, unless otherwise in alignment with one of the stipulations listed below, a donor may not earmark their donation to fund scholarships for a specific student or a specific school.

Donor Stipulations	Donors may designate their donations for:
Special Education	<ul style="list-style-type: none"> ● Special education students in general; ● Students with a specific type of exceptionalty; or ● An individual special education student
Group of Schools	<ul style="list-style-type: none"> ● A group of two or more schools. <ul style="list-style-type: none"> ○ For example, a donor could designate their funds to be used specifically for a group of schools located in a specific parish. However, the donor could not designate the donation for a specific school in that parish.
Time Frame to Use the Donation	<ul style="list-style-type: none"> ● If not designated, the STO may carry forward a donation to another school year
Administrative Fees	<ul style="list-style-type: none"> ● A donor may also designate their entire donation to be used for administrative purposes.

DONOR RECEIPT AND CREDIT PROCESS

The following table provides an example overview of how donors receive a tax credit for student scholarships.

Steps		Description
1	Initial Donation	<ul style="list-style-type: none"> A donor makes an initial donation to an STO with any applicable stipulations. The credit is earned by the donor when the donation is made.
2	Initial Funding of Scholarship	<ul style="list-style-type: none"> School Tuition Organizations submit the amount of donations that are eligible for a tax credit to the LDOE in the Donor Credit Report on a monthly basis as determined by the Department. The STO must use at least 95% of each individual donation to fund student scholarships, unless the donation was designated for administrative purposes. Donations used for administrative costs or purposes are not eligible for a tax credit. <p>To complete the Donor Credit Report, the STO reports all required information to the LDOE including:</p> <ul style="list-style-type: none"> All donors' names Tax IDs or social security numbers Donation amounts Dates the donations were made. <p>STOs must submit this report via the secure FTP site and notify LDOE personnel when the report has been submitted. The LDOE uses this information in the Donor Credit Report to prepare appropriate tax credit documentation.</p>
3	Subsequent Funding of Student Scholarships	<ul style="list-style-type: none"> If an STO receives donations after submitting the initial report, this information must be submitted to the LDOE on the subsequent Donor Credit Report.
4	Issue Donor Receipts	<ul style="list-style-type: none"> The LDOE reviews the Donor Credit Reports completed by STOs and issues receipts within two weeks to the STOs for the amount of the donation used on student scholarships. The STO will then distribute these receipts to their donors.
5	Issue Donor Credits	<ul style="list-style-type: none"> The donor submits this receipt as an attachment when filing their taxes.
6	Verify End-Of-Year Scholarship Amounts	<ul style="list-style-type: none"> The LDOE will use the STO's Quarterly Enrollment, Certification Reports, and Annual Program Report; to verify the amount of each donation spent on student scholarships.

APPENDIX I: FREQUENTLY ASKED QUESTIONS

1. Who is eligible for a credit for donations to this program?

Donors that have filed a Louisiana income tax return in the year for which they make a donation are eligible.

2. Can donors designate their donation for a specific student or group of students?

Taxpayers may not designate their donation for a specific student unless their donation benefits students with disabilities. Taxpayers may designate their donations for all students with disabilities, students with a specific type of disability, or a specific student with a disability.

3. Can donors designate their donation for a specific school or group of schools?

While donors may not designate their donation for a specific school, donors may coordinate with School Tuition Organizations to potentially designate their donation for a particular group of schools. Taxpayers should work with their partner STO to codify their donation stipulations.

4. How much of a donor's TDC donation is eligible for a credit?

Taxpayers receive credit for the portion of their donation that a School Tuition Organization uses to fund student scholarships.

5. How much of a donor's donation can be used for administrative costs?

Up to 5% of donations for student scholarships may be used for administrative costs. Donors may choose to designate 100% of their donation for administrative costs instead of student scholarships; however, this donation is not eligible for a credit.

6. How does a donor receive the credit?

The Louisiana Department of Education will verify the amount of each taxpayer's donation spent on student scholarships and issue a receipt to the taxpayer through the STO. The taxpayer must attach the receipt when filing their income tax return. If the donation was made by an individual or a business owned by a sole proprietor or a flow-through entity such as a Limited Liability Company (LLC), Partnership, Subchapter S corporation, the credit will be claimed on the Resident Individual Income Tax return, Form IT-540, or the Nonresident and Part-Year Resident Individual Income Tax Return, Form IT-540B. If the business making the donation is a corporation or C corporation, the credit will be claimed on the Corporation Income and Franchise Tax Return, Form CIFT-620.

7. Who should donors contact regarding specific tax liability questions?

Donors with specific questions regarding how their donation and potential credit impacts their tax liability should consult a tax lawyer or advisor.

APPENDIX II: HELPFUL LINKS FOR DONORS

What is it?	Link
Louisiana Department of Education Website	https://www.louisianabelieves.com/
Donor Specific FAQ on LDR Website	https://revenue.louisiana.gov/FAQ/QuestionsAndAnswers/72
Revenue Information Bulletin 18-024	https://revenue.louisiana.gov/LawsPolicies/RIB%2018024.pdf