



South Carolina Tax Credit: Helping Children with Special Needs at No Cost To Taxpayer

Most of you have probably heard about The South Carolina Exceptional Needs Tax Credit but for those that haven't, here are the basics:

- Federal Charitable Contribution Deduction for the Donation
- Dollar-for-Dollar SC Tax Credit for the Donor
- Money goes to various selected schools to help the special needs programs and pay tuition for those with special needs
- Credit limited to 60% of SC tax liability
- First Come, First Served Basis

To Take Advantage of This Credit

A taxpayer making the contribution must apply to the Department for approval of the credit by using Form SC SCH TC-57A (Application for Exceptional Needs Children Education Credit) which, when available, will be found on the Department's website (www.dor.sc.gov) under Forms/Find a Form. You can Fax, Email or Mail the form to SCDOR but we recommend sending by Email to expedite.

Submit Your Form to SCDOR As Soon As Possible

In 2015, the credits sold out in just a couple of weeks. This year, they are expected to go on sale July 1, 2016 and \$12 million in credits will be available. SCDOR will notify you if approved and you can claim the charitable deduction and credit on your 2016 return.

Taxpayers in AMT can SAVE money with this Credit

The credit is particularly desirable to those in AMT tax. Taxpayers in AMT, don't get the benefit of State tax deductions but do get the benefit of charitable contributions. Using this credit allows you to "pay" state taxes and still receive a federal deduction. Therefore, this credit may actually save you tax dollars.

Changes to Credit in 2016

One big change from prior years is that the contribution no longer goes directly to Scholarship Funding Organizations (SFOs) like Palmetto Kids First. SCDOR has eliminated SFOs and will handle the distribution of funds to the schools directly.

For Those Ready to Apply Now

One SFO, St. Thomas Aquinas, has been given \$2 million in early credits that must be applied for AND contributions must be made before June 30th. *This is a special exception to the program and is in addition to the credits issued by SCDOR and released July 1st.* This program is also on a first come, first served basis and because timing is very important they are asking that you follow these steps:

STEP 1: Make Checks payable to "St Thomas Aquinas Scholarship Funding Organization" and mail the donation to:

St Thomas Aquinas Scholarship Funding Organization
Attn: Michael F. Acquilano
Diocese of Charleston
901 Orange Grove Road
Charleston, SC 29407

STEP 2: Complete the DOR Application (link below) and send via email to taxtech@sctax.org

STEP 3: Upon receipt of a confirmation letter from the SCDOR, the donor emails a copy of the confirmation letter to Michael F. Acquilano at macquilano@catholic-doc.org. STA deposits the donation check as soon as it receives the copy of the donor confirmation letter and then distributes funds to Catholic schools on behalf of eligible students attending Catholic schools within SC.

Application for St Thomas Aquinas SFO

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