



QUALIFIED EDUCATION EXPENSE TAX CREDIT

January 22, 2025

The Qualified Education Expense Credit Cap is \$120 million

2025 Year: For preapprovals processed through the date of this report, \$120,000,000 of the \$120 million cap has been preapproved. As of January 3, 2025, there is \$0 remaining in the cap.

2025 Calendar Year Federal Poverty Level Information

O.C.G.A. § 20-2A-3 requires SSOs to report certain information based on the Federal Poverty Levels (in place of quartile information). Federal Poverty Level for this purpose means the poverty guidelines issued each year in the Federal Register by the Department of Health and Human Services. For scholarship recipients in the 2025 calendar year (for purposes of the Form IT-QEE-SSO2 due on January 12, 2025), the 2025 Federal Poverty Level information is listed below.

2025 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA

PERSONS IN FAMILY/HOUSEHOLD	POVERTY GUIDELINE
1	\$15,650
2	\$21,150
3	\$26,650
4	\$32,150
5	\$37,650
6	\$43,150
7	\$48,650
8	\$54,150

For families/households with more than 8 persons, add \$5,500 for each additional person.

Other Qualified Education Expense Information

Electronic Mandate for the Georgia Form IT-QEE-TP1

The Qualified Education Expense Credit Preapproval Form must be submitted through our Self-Service Portal, Georgia Tax Center (GTC) at <https://gtc.dor.ga.gov>.

If you have never filed a return with the State of Georgia you must call the Taxpayer Services Call Center at 1-877-423-6711 to get registered, receive a web logon and a temporary password for GTC.

Current filers, with the State of Georgia, that do not already have a GTC log on can visit our informational page by choosing Detailed Instructions, General Information and Georgia Tax Center Help Guide on <http://dor.georgia.gov/georgia-tax-center-info> website.

Listed below are a few additional items as it relates to the Department of Revenue's QEE application process:

1. Pre-approval letters will be mailed directly to the taxpayer. Taxpayers should make sure that the correct address is on file before applying for the credit. Additionally, letters can now be viewed and printed by the taxpayer via GTC.

2. If a taxpayer does not make their contribution within the 60-day window of pre-approval, the taxpayer will need to re-apply for the QEE credit.

If you have any questions regarding the electronic submission of Qualified Education Expense Credit applications, you can contact the Tax Credits & Incentives Unit at TaxCredits.Inquiries@dor.ga.gov.

Please read the following instructions before submitting your request for preapproval on GTC:

Instructions

- The contribution must be preapproved by the end of the calendar year. Also, the contribution must be made within 60 days of the date of the preapproval notice or by the end of the calendar year in which it was preapproved, whichever is earlier.
- The taxpayer must add back to Georgia taxable income the amount of any federal charitable contribution deduction taken on a federal return for which a Georgia qualified education expense credit is allowed.
- The tax credit shall not be allowed if the taxpayer designates the taxpayer's qualified education expense for a particular individual.
- The student scholarship organization must be on the Department of Education's website before preapproval is submitted through GTC.

The Official Code of Georgia Annotated Section **48-7-29.16** establishes an income tax credit for qualified education expenses.

A credit is allowed for the expenditure of funds by the taxpayer to a student scholarship organization, operating pursuant to Chapter 2A of Title 20, which uses the contribution for tuition and fees for a qualified school or program.

Credit Limits

Individual Taxpayers

An individual taxpayer is allowed a credit for qualified education expenses as follows:

- (1) In the case of a single individual or a head of household, the actual amount expended or \$2,500.00 per tax year, whichever is less; or
- (2) In the case of married couple filing a joint return, the actual amount expended or \$5,000.00 per tax year, whichever is less; or
- (3) In the case of a married couple filing a separate return, the actual amount expended or \$2,500.00 per tax year, whichever is less.

For an individual taxpayer the credit is further limited and may not exceed the taxpayer's income tax liability. The amount of the credit that exceeds the taxpayer's income tax liability can be used against the next succeeding three years' tax liability.

Individual Taxpayers who are Members of a Limited Liability Company, Shareholders of a Subchapter S Corporation, or Partners in a Partnership

For an individual taxpayer who is a member of a limited liability company duly formed under state law (including a member who owns a single member limited liability company that is disregarded for income tax purposes), a shareholder of a Subchapter 'S' corporation, or a partner in a partnership, the credit is limited to the lesser of the actual amount expended or \$25,000 per tax year, whichever is less; provided, however, that the tax credits shall only be allowed for the Georgia income on which such tax was actually paid by such member of a limited liability company, shareholder of a Subchapter 'S' corporation, or partner in a partnership. In determining such Georgia income, the shareholder, partner, or member shall exclude any income that was subtracted on their Georgia return because the entity paid tax at the pass through entity level in Georgia as provided in Regulation 560-7-3-.03. If the individual taxpayer is a member, partner, or shareholder in more than one pass through entity, the total credit allowed cannot exceed \$25,000; the individual taxpayer decides which pass through entities to include when computing Georgia income for purposes of the qualified education expense credit. All Georgia income, loss, and expense from the taxpayer selected pass through entities will be combined to determine Georgia income for purposes of the qualified education expense credit. Such combined Georgia income shall be multiplied by the applicable marginal rate to determine the tax that was actually paid. If the taxpayer is filing a joint return, the taxpayer's spouse may also claim a credit for their ownership interests and shall separately be eligible for a credit as provided in this paragraph. If the taxpayer(s) chooses to be preapproved pursuant to this paragraph, for all purposes of claiming the credit they shall be subject to the provisions of this paragraph and shall not be entitled to claim any other amounts provided in O.C.G.A. § 48-7-29.16 and Regulation 560-7-8-.47. If the taxpayer is preapproved for an amount that exceeds the amount that is calculated as allowed when the return is filed, the excess amount cannot be claimed by the taxpayer and cannot be carried forward. Please see Regulation 560-7-8-.47 for an example of how this is calculated.

Corporate, Fiduciary, or an S Corporation or Partnership that Makes the Election to Pay Tax at the Entity Level

A corporation, fiduciary, an S corporation that makes the election to pay tax at the entity level under O.C.G.A. § 48-7-21, or a partnership that makes the election to pay tax at the entity level under O.C.G.A. § 48-7-23, is allowed a credit for qualified education expenses in an amount not to exceed the lesser of the actual amount expended or 75 percent of the corporation's, fiduciary's, S corporation's, or partnership's income tax liability for the tax year. Any of this lesser amount (amount expended or 75% of the corporation's, fiduciary's, S corporation's, or partnership's income tax liability) that is not used can be used against the succeeding three years' tax liability. S corporations and partnerships that elect to pay taxes at the entity level cannot pass the credit through to their shareholders or partners. Fiduciary entities cannot pass the credit through to their beneficiaries.

For example: Taxpayer, a Corporation, requests preapproval for the qualified education expense credit for calendar year 2025 by submitting Form IT-QEE-TP1. On Form IT-QEE-TP1, Taxpayer estimates its income tax liability for the 2025 tax year to be \$100,000; therefore the Department preapproves Taxpayer for \$75,000 qualified education expense credit for calendar year 2025. Taxpayer makes a \$75,000 donation to the SSO within 60 days of receiving preapproval from the Department and before the end of 2025. When Taxpayer files their 2025 Georgia income tax return, Taxpayer's income tax liability for tax year 2025 is \$80,000, Taxpayer can only claim \$60,000 of qualified education expense credit (which is 75% of their actual income tax liability for tax year 2025), and the extra \$15,000 cannot be claimed by Taxpayer.

and cannot be carried forward. Any amount of the \$60,000 qualified education expense credit claimed but not used on the taxpayer's 2025 Georgia income tax return shall be allowed to be carried forward to apply to the taxpayer's succeeding three years' tax liability.

Electronic Filing. Electronic Filing is mandatory for taxpayers claiming this credit. Individual taxpayers that electronically file their tax return do not have to submit Form IT-QEE-SSO1. Form IT-QEE-SSO1 shall be maintained by the taxpayer and made available upon request by the Commissioner.