bayarea CHRISTIAN SCHOOL

EDUCATION FREEDOM TAX CREDIT

Federal Tax Credit Scholarship Program

Your taxes could dramatically transform our school.

TAX CREDIT Q & A

- **What is the tax credit?**
  - Beginning January 1, 2027, Texas taxpayers may have a new opportunity to support K–12 scholarships through the federal Education Freedom Tax Credit program. Texas has elected to participate in the program, which allows eligible individuals to claim a federal tax credit for qualifying cash contributions to approved Scholarship-Granting Organizations (SGOs). These organizations award scholarships to eligible students for qualifying educational expenses. It is a tax benefit for donors, not an automatic tuition discount.

- **How much is the tax credit?**
  - Eligible individuals may receive a federal tax credit of up to $1,700 per year for qualifying contributions. Married couples filing jointly may be eligible for a combined credit of up to $3,400, subject to applicable requirements and limitations. Donors claim the applicable credit when filing their federal income tax return, subject to program requirements.

- **Does making a donation guarantee that a particular student will receive a scholarship?**
  - No, the program is intended to support eligible K–12 students from qualifying households. Federal rules establish income-related eligibility requirements, and families must apply through an approved SGO. Meeting the income requirements does not guarantee a scholarship award.
  - Although donors cannot select a specific student, their generosity helps provide an additional avenue of scholarship support for eligible students and families, strengthening access to Kingdom Education and allowing more families to explore the opportunities available at BACS.

- **What if my family member lives in a state that isn't participating?**
  - They may be able to make qualifying contributions to an approved SGO in a participating state, subject to federal requirements.

- **Is this the same as TEFA?**
  - No. The Education Freedom Tax Credit is a federal tax credit for eligible individuals who make qualifying contributions to approved SGOs. The Texas Education Freedom Accounts (TEFA) program is a separate Texas initiative that provides eligible students with education funding under its own rules and application process.
  - Families should review the requirements and timelines for each program separately.

- **Where can I find more information?**
  - BACS will share additional information as approved SGOs, donation procedures, and program details become available. Donors should consult a qualified tax professional regarding their individual tax circumstances.

HOW IT WORKS

Donor makes $1,700 contribution	SGO receives the donation	Scholarship awarded to student	Funds cover tuition & expenses	Donor claims $1,700 tax credit
Parents, grandparents, church members make the donation in 2027	Scholarship-granting organization (SGO) supports the school the family chooses	Any child within 300% of area median income can qualify	Funds go straight to tuition at the school the family chose	April 2028: dollar-for-dollar credit Net cost to donor: $0

Provided by Texas Private School Association