



KNIGHTS OHIO TAX CREDIT FUND

Frequently Asked Questions

What is a Scholarship Granting Organization (SGO)?

It is a religious or nonprofit organization exempt from federal taxation whose primary intent must be to award need-based scholarships to low-income students to attend schools in grades K-12. Primary intent means the organization must spend more than 50% of its expenses on scholarships. Low income is defined as income at or below 300% of poverty level.

What is the benefit of an SGO?

The State of Ohio recently enacted legislation allowing a tax credit up to \$750 per individual or \$1,500 for married couples filing jointly for donations made to certified Scholarship Granting Organizations. This credit is available to individuals who have an Ohio tax liability. The credit is a dollar-for-dollar credit but is limited to the lesser of: 1) \$750 per individual; or, 2) \$1,500 for married couples filing jointly; or, 3) your total tax liability. In addition, a donor may be eligible to deduct a donation to a SGO for federal tax purposes if they itemize their federal tax deductions.

Why did Archbishop Hoban High School create a separate SGO?

Only donations made to a certified scholarship granting organization are eligible to receive an Ohio tax credit on an individual's State of Ohio tax return. The Knights Ohio Tax Credit Fund was created to allow donors to make donations for our students while also receiving eligibility for tax credits. The Knights Ohio Tax Credit Fund is fully certified with the State of Ohio as an SGO. Other donations made directly to the high school are not eligible for the credit.

How do I estimate my State of Ohio income tax liability?

All Ohio residents with earned income will pay income taxes to the State of Ohio. Even if you received a refund in the previous year, you paid Ohio State income taxes. To estimate your current year's liability, contact your tax preparer or review your previous year's tax return. Your state tax liability is not necessarily the amount deducted from your paycheck or the amount refunded to you or owed to the State. Rather, the tax liability is the total amount owed to the State before determining whether there is a refund or an additional amount to pay. To estimate if you will have a tax liability in the coming year, review your tax liability from the previous year's State of Ohio tax return (in 2022, this amount would be on 1040 IT, line 8c). After considering whether there have been significant changes to your income this year, reviewing the prior year's State of Ohio tax return will help to estimate whether you will have a similar liability in the current tax year. Contact your tax preparer with questions.

I received a refund on my State of Ohio taxes last year. Am I still eligible for an SGO tax credit?

Yes. The scholarship granting organization tax credit applies to the State of Ohio income tax liability. The liability is calculated before credits are applied for withholdings made by your employer or before applying other tax credits. If the liability exceeds \$750 per individual or \$1,500 for married couples filing jointly, you may be eligible for the SGO tax credit. Please note, however, the tax credit is not refundable. Although credits are stackable, the SGO tax credit in combination with other State tax credits may not exceed the tax liability.

How does a tax deduction differ from a tax credit?

A tax deduction reduces a taxpayer's overall taxable income. A tax credit is a dollar-for-dollar credit against the taxes paid to the State of Ohio up to the limits allowed by the credit.

How can I donate?

You may donate online at hoban.org/ohio-tax-credit or by sending a contribution directly to the Knights Ohio Tax Credit Fund at 1 Holy Cross Blvd., Akron, OH 44306.

Can I direct my donation to a specific student?

No. As a 501(c)(3) organization, the Knights Ohio Tax Credit Fund may not accept donations that are designated for a specific student.

Is my donation to the Knights Ohio Tax Credit Fund limited to \$750 per individual?

No. Any donation may be made, but the tax credit available through the State of Ohio is limited to \$750 for an individual or \$1,500 for married couples filing jointly.

If I would like to make a \$1,500 donation on behalf of myself and my spouse, should I make two separate contributions, or one single contribution?

We advise you to speak to your tax preparer to see if they would recommend individual \$750 donations in each spouse's name.

Can I make a recurring contribution?

Yes. You may make a one-time contribution or a recurring monthly contribution.

My employer offers matching contributions. Will the Knights Ohio Tax Credit Fund accept a matching contribution from my employer?

Yes. This is a great way to increase your impact. However, you will not receive a receipt or tax credit for your employer's matching amount.

What students are eligible to receive an award through the Knights Ohio Tax Credit Fund?

While all students who attend Archbishop Hoban High School are eligible to receive an award, prioritization will be given to low-income students.

Does a student need to apply for an award through the Knights Ohio Tax Credit Fund?

Yes. Students may apply for a financial assistance award through the Knights Ohio Tax Credit Fund by completing an application through FACTS Grant & Aid. A link to that application is provided on the Archbishop Hoban High School website (<https://online.factsmgt.com/signin/3x0VC>).

Who is responsible for submitting the contribution information to the State of Ohio?

Each donor is personally responsible for maintaining the contribution acknowledgement receipt provided by the Knights Ohio Tax Credit Fund. That receipt can be used to claim the tax credit through the State of Ohio.

What is the deadline to donate?

Contribution timing is extended to the filing due date of the related tax return. Therefore, if a taxpayer donates to an SGO by April 15, 2024, they can still elect to include that donation on their 2023 Ohio tax return.

Can I claim the charitable donation on my federal tax return?

A taxpayer may also be eligible to receive a federal tax deduction for this contribution since it is considered a qualifying charitable contribution. This means that there could be both a state and a federal tax benefit for a charitable contribution depending upon certain taxpayers' situations.