



January 30, 2017

Dear 2016 GOAL Contributor:

Thank you for your 2016 contribution to the Georgia GOAL Scholarship Program, Inc. ("GOAL"). In 2016, close to 10,000 Georgia taxpayers contributed \$16.2 million to GOAL. Thanks to your involvement, GOAL has provided outstanding K-12 educational opportunities to 11,250 students.

As you know, your GOAL contribution entitles you to take the Georgia Qualified Education Expense Credit on your 2016 Georgia Form 500 Individual Income Tax Return ("Form 500"). Although we cannot provide you with official tax advice regarding the credit, for your convenience, we are furnishing the following information regarding filing requirements for individual taxpayers:

1. Form IT-QEE-SSO1 – GOAL previously sent to you Form IT-QEE-SSO1 to acknowledge your contribution. This form should be attached to Form 500 if you paper file your return. If you file your return electronically, you do not have to submit a copy of Form IT-QEE-SSO1 to the state. However, you must keep a copy of Form IT-QEE-SSO1 with your tax records.
2. Form IT-QEE-TP2 – A copy of Georgia Form IT-QEE-TP2, Qualified Education Expense Credit Computation, is available at <http://dor.georgia.gov/documents/it-qee-tp2>. The form needs to be completed by you and attached to a paper filed return or transmitted with an electronically filed return. *Please note that this form calculates the credit amount allowed for owners of a pass through entity (entities). The maximum amount that may be claimed as a credit by owners of pass-through entities is 6% of the Georgia income from the pass through entity (entities). Any excess over this amount may not be claimed as a credit in the current year or carried forward to succeeding years.*
3. Form 500 – Georgia Income Adjustment – If you itemized your deductions on your federal income tax return, you should have claimed a charitable contribution deduction for your donation to GOAL on your return (Federal Form 1040, Schedule A). Since you are receiving a Georgia income tax credit for your GOAL contribution, in order to prevent "double dipping," you need to increase your Georgia taxable income for the amount deducted as a charitable contribution on your federal return. Please note that this amount will not be the same amount that you donated if your federal itemized deductions are limited due to your adjusted gross income. The amount of the increase to Georgia taxable income is reported on Form 500 Schedule 1 - Adjustments to Income, Line 5, as "Other". "QEE Credit" should be used for the description. The net amount of all additions and subtractions to Georgia taxable income per Line 14 on Schedule 1 is then reported on Form 500, Page 2, Line 9.



4. Form 500 – Credit - The code number for the Qualified Education Expense Credit is "125". This code number should be entered on Line 1 of the Form 500 Schedule 2 - Georgia Tax Credits. Enter your "Credit Certificate #", your social security number, and credit amount on Schedule 2, Line 3 under "Credit Generated in 2016". **This is the proper line to use for claiming the credit for all individual tax filers, including those contributing up to \$10,000, by virtue of their ownership in pass through entities.** The available credit amount will be reported on Schedule 2, Line 6.

The Qualified Education Expense Credit is a "series 100" Georgia tax credit, and all Georgia tax credits (series 100) must be claimed on Schedule 2. A separate page must be completed for each credit code. If you have more than 3 credits codes, attach as many additional Page 3s of Schedule 2 as necessary and check the appropriate box on page 1 of Form 500. The total of all Georgia tax credits (series 100) reported on Schedule 2 (the sum of Schedule 2, Page 1, Line 8 and Pages 2 and 3, Line 11) is reported on Page 3, Line 20 of Form 500. Note that the amount of tax credits used from all Schedule 2s, from IND-CR, from other state(s) tax credit, and from the low income housing credit may not be greater than the amount of tax shown on Page 3, Line 16 of Form 500. If the total available credits exceed your tax, you must indicate which credits are being used in 2016 by reporting the amount on Schedule 2, Page 1, Line 8 (and Pages 2 and 3, Line 11 if necessary), and reporting the amount to be carried forward on Schedule 2, Page 1, Line 9 (and Pages 2 and 3, Line 12 if necessary). Amounts of the Qualified Education Expense Credit in excess of the 2016 tax may be carried forward for up to five years. The updated Form 500 will now track any unused credit.

We recommend that you contact your tax advisor or return preparer regarding the utilization of the Georgia Qualified Education Expense Credit. In addition to the adjustments to your federal and Georgia income tax returns discussed above, other adjustments may be required based on your particular tax situation.

Thank you for taking the time to redirect your taxes to Georgia GOAL Scholarship Program! Because of your efforts, GOAL has awarded scholarships to 11,250 Georgia children, providing them *Greater Opportunities for Access to Learning* (GOAL).

Very truly yours,

GEORGIA GOAL SCHOLARSHIP PROGRAM, INC.

Lisa M. Kelly

President