



As confirmed in newly proposed federal regulations, by making a payment to the Georgia GOAL Scholarship Program, businesses may be eligible to receive a federal business expense deduction and, for the business owners, a 100% Georgia income tax credit. In addition to these income tax benefits, to publicly evidence their support for improving conditions in Georgia and to build community goodwill, businesses that make a payment of \$5,000 or more to Georgia GOAL will receive a "We Have a GOAL for Georgia" sticker to display at their place of business and will have a right to use that service mark on their website and other marketing materials.

The Internal Revenue Service ("IRS") has published [proposed regulations](#) confirming that a payment made by a pass-through business entity to a charitable organization that bears a direct relationship to the taxpayer's trade or business and that is made with a reasonable expectation of financial return commensurate with (but, according to the IRS, not necessarily equal to) the amount of the payment or transfer may constitute an allowable deduction as a trade or business expense (rather than a charitable contribution deduction under section 170). Under the Proposed Regulations, the federal business expense deduction will be available even in cases where the owners of the business entity receive a corresponding state income tax credit for the business payment.

Moreover, an example (Example 2 at §1.162-15(a)(2)(ii)) on page 30 of the Proposed Regulations makes it clear that the federal business expense deduction may be available for payments made by a business located in a state "for use in projects that improve conditions in the state." If the business "reasonably believes the program will generate a significant degree of name recognition and goodwill in the communities where it operates and thereby increase its revenue," a federal business expense deduction (and Georgia income tax credit for the owners) may be available even though the business does not have a business relationship with the charitable organization.

According to U.S. Treasury Department officials, although the example above explains that the business reasonably believes the charitable program will generate name recognition and goodwill, this is not a required element for federal deductibility, as business payments do not have to be publicly announced or advertised. The only essential elements are 1) that the payment bears a direct relationship to the taxpayer's trade or business (i.e., such as improving state and local educational outcomes) and 2) that the taxpayer has a reasonable expectation of financial return commensurate with the payment.

[View IRS Proposed Regulations](#)

[Apply for a 2020 GOAL Tax Credit](#)

Copyright © 2019 Georgia GOAL Scholarship Program, Inc., All rights reserved.
You are receiving this email because you are a GOAL participating school official.

Our mailing address is:
Georgia GOAL Scholarship Program, Inc.
3740 Davinci Court, Suite 375
Peachtree Corners, GA 30092