

**Georgia GOAL Scholarship Program, Inc.**  
**Scholarship Contributions Eligible for Education Expense Credit**  
**Illustrations of Tax Consequence on Individuals that Itemize Deductions**

	WITH CONTRIB SINGLE	WITHOUT CONTRIB SINGLE	WITH CONTRIB MFJ	WITHOUT CONTRIB MFJ	IN AMT			
					WITH CONTRIB SINGLE	WITHOUT CONTRIB SINGLE	WITH CONTRIB MFJ	WITHOUT CONTRIB MFJ
<b>Federal</b>								
Adjusted Gross Income	100,000	100,000	100,000	100,000	250,000	250,000	250,000	250,000
Average Itemized Deductions								
State Taxes	(15,000)	(15,000)	(15,000)	(15,000)	(25,000)	(25,000)	(25,000)	(25,000)
Reduction in State Taxes	1,000		2,500	-	1,000		2,500	
Mortgage Interest	(12,000)	(12,000)	(12,000)	(12,000)	(22,000)	(22,000)	(22,000)	(22,000)
Max Scholarship Contribution	(1,000)	-	(2,500)	-	(1,000)	-	(2,500)	-
Deductions Phase-out					1,872	1,872	1,872	1,872
Exemptions	(3,400)	(3,400)	(6,800)	(6,800)	(3,400)	(3,400)	(6,800)	(6,800)
Exemption Phase-out					1,723	1,723	635	635
Taxable Income	69,600	69,600	66,200	66,200	203,195	203,195	198,707	198,707
Federal Regular Tax	13,830	13,830	9,404	9,404	53,123	53,123	44,773	44,773
AMT					2,534	2,884	1,602	2,477
Total Federal Tax	13,830	13,830	9,404	9,404	55,657	56,007	46,375	47,250
<b>Georgia</b>								
Federal AGI	100,000	100,000	100,000	100,000	250,000	250,000	250,000	250,000
Add back Contribution	1,000	-	2,500	-	1,000	-	2,500	-
Georgia Itemized Deductions	(27,000)	(27,000)	(27,000)	(27,000)	(45,128)	(45,128)	(45,128)	(45,128)
Georgia exemptions	(2,700)	(2,700)	(5,400)	(5,400)	(2,700)	(2,700)	(5,400)	(5,400)
Georgia Taxable Income	71,300	70,300	70,100	67,600	203,172	202,172	201,972	199,472
Georgia Tax Before Credit	4,091	4,031	3,949	3,799	12,000	11,940	11,858	11,708
Georgia scholarship Credit	(1,000)	-	(2,500)	-	(1,000)	-	(2,500)	-
Net GA Tax	3,091	4,031	1,449	3,799	11,000	11,940	9,358	11,708
Net fed and GA Tax	16,921	17,861	10,853	13,203	66,657	67,947	55,733	58,958
Contribution paid	1,000	-	2,500	-	1,000	-	2,500	-
Net cash outlay	17,921	17,861	13,353	13,203	67,657	67,947	58,233	58,958
Tax Benefit	(940)		(2,350)		(1,290)		(3,225)	
Benefit as % of Contribution	94%		94%		129%		129%	

**Comments on Illustration:**

This presentation is for illustrative purposes only and is not intended as tax advice applicable to an actual situation. You should consult your tax advisor.

**GA taxes:** Taxpayer receives GA tax benefit equal to 94% of contribution. In effect, GA is subsidizing 94% of the contribution. This is the result of two factors:

1. 100% GA tax credit for amount of contribution, 2. offset by 6% additional GA taxes on higher GA income. The higher GA income is because the law does not allow a deduction for the scholarship contribution when taking the GA tax credit.

**Fed taxes:** For taxpayers itemizing deductions and not in AMT, the scholarship contribution will have no Fed tax effect. This is because such taxpayers are merely substituting a deduction for state income taxes with a charitable contribution of a similar amount on Schedule A.

For taxpayers itemizing deductions and paying AMT, the illustration shows an overall reduction in federal tax. This is because in calculating AMT charitable contributions are allowed as a deduction whereas state income taxes are not.

# Georgia GOAL Scholarship Program, Inc.

## Scholarship Contributions Eligible for Education Expense Credit

### Illustrations of Tax Consequence on Individuals that do not Itemize Deductions

	WITH CONTRIB SINGLE	WITHOUT CONTRIB SINGLE	WITH CONTRIB MFJ	WITHOUT CONTRIB MFJ	WITH CONTRIB SINGLE	WITHOUT CONTRIB SINGLE	WITH CONTRIB MFJ	WITHOUT CONTRIB MFJ
<b>Federal</b>								
Adjusted Gross Income	100,000	100,000	100,000	100,000	250,000	250,000	250,000	250,000
Standard Deductions	(5,350)	(5,350)	(10,700)	(10,700)	(5,350)	(5,350)	(10,700)	(10,700)
Exemptions	(3,400)	(3,400)	(6,800)	(6,800)	(3,400)	(3,400)	(6,800)	(6,800)
Exemption Phase-out					1,723	1,723	635	635
Taxable Income	91,250	91,250	82,500	82,500	242,973	242,973	233,135	233,135
Federal Regular Tax	19,668	19,668	13,479	13,479	66,249	66,249	56,135	56,135
AMT					-	-	-	-
Total Federal Tax	19,668	19,668	13,479	13,479	66,249	66,249	56,135	56,135
<b>Georgia</b>								
Federal AGI	100,000	100,000	100,000	100,000	250,000	250,000	250,000	250,000
Georgia Standard Deduction	(2,300)	(2,300)	(3,000)	(3,000)	(2,300)	(2,300)	(3,000)	(3,000)
Georgia exemptions	(2,700)	(2,700)	(5,400)	(5,400)	(2,700)	(2,700)	(5,400)	(5,400)
Georgia Taxable Income	95,000	95,000	91,600	91,600	245,000	245,000	241,600	241,600
Georgia Tax before credit	5,513	5,513	5,239	5,239	14,510	14,510	14,236	14,236
Georgia scholarship Credit	(1,000)	-	(2,500)	-	(1,000)	-	(2,500)	-
Net GA tax	4,513	5,513	2,739	5,239	13,510	14,510	11,736	14,236
Total Fed and GA tax	24,181	25,181	16,218	18,718	79,759	80,759	67,871	70,371
Contribution paid	1,000	-	2,500	-	1,000	-	2,500	-
Net cash outlay	25,181	25,181	18,718	18,718	80,759	80,759	70,371	70,371
Tax Benefit	(1,000)		(2,500)		(1,000)		(2,500)	
Benefit as % of Contribution	100%		100%		100%		100%	

#### Comments on Illustration:

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GA taxes: Taxpayer receives GA tax credit for 100% of the contribution. In effect, GA is subsidizing 100% of the contribution by providing a substitution of GA tax for a scholarship contribution.

Fed taxes: Taxpayer who takes standard deduction and does not deduct state income taxes or charitable contributions will have no Fed consequence as a result of scholarship contribution.

**Georgia GOAL Scholarship Program, Inc.**  
**Scholarship Contributions Eligible for Education Expense Credit**  
**Illustrations of Tax Consequence on C Corporations**

**Federal**

	100% GA		20% GA Apportionment			100% GA		20% GA Apportionment	
	With Contribution	Without Contribution	With Contribution	Without Contribution		With Contribution	Without Contribution	With Contribution	Without Contribution
Federal Taxable Income Before State tax deduction	100,000	100,000	100,000	100,000		1,000,000	1,000,000	1,000,000	1,000,000
Scholarship Contribution (up to 75% of GA tax)	(4,433)	-	(897)	-		(44,335)	-	(8,973)	-
Accrued other state taxes (assume 6% rate)	-	-	(4,525)	(4,526)		-	-	(45,254)	(45,258)
Accrued Georgia State Tax	(1,478)	(5,660)	(299)	(1,186)		(14,778)	(56,604)	(2,991)	(11,858)
Adjusted Taxable Income	94,089	94,340	94,278	94,288		940,887	943,396	942,782	942,884
Federal Tax	20,240	20,325	20,305	20,308		319,901	320,755	320,546	320,581

**Georgia**

Federal Taxable Income	94,089	94,340	94,278	94,288		940,887	943,396	942,782	942,884
Add back other state taxes	-	-	4,525	4,526		-	-	45,254	45,258
Georgia Contribution Addback	4,433	-	897	-		44,335	-	8,973	-
Georgia Taxable Income	98,522	94,340	19,940	19,763		985,222	943,396	199,402	197,628
Georgia Tax @ 6% before tax credit	5,911	5,660	1,196	1,186		59,113	56,604	11,964	11,858
GA Scholarship credit (75% max)	(4,433)	-	(897)	-		(44,335)	-	(8,973)	-
Georgia Tax	1,478	5,660	299	1,186		14,778	56,604	2,991	11,858
Total Fed and GA Tax	21,718	25,986	20,604	21,494		334,680	377,358	323,537	332,438
Other state taxes (assume 6% on remaining 80% income)	-	-	4,525	4,526		-	-	45,254	45,258
Contribution paid	4,433	-	897	-		44,335	-	8,973	-
Net Cash outlay	26,151	25,986	26,026	26,020		379,015	377,358	377,764	377,697
Tax Benefit	(4,268)		(890)			(42,679)		(8,901)	
Benefit as % of Contribution	96%		99%			96%		99%	

**Comments on Illustration:**

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GA taxes: Corporation receives GA tax benefit equal to 96-99% of contribution. In effect, GA is substantially subsidizing of the contribution. This is the result of two factors:  
 1. 100% GA tax credit for amount of contribution up to 75% of GA tax liability, 2. offset by 6% additional GA taxes on higher GA income. The higher GA income is because the law does not allow a deduction for the scholarship contribution when taking the GA tax credit.

Fed taxes: For most corporate taxpayers the scholarship contribution will have minimal Fed tax effect. This is because such corporations are merely substituting a deduction for state income taxes with a charitable contribution of a similar amount.