NEW OPPORTUNITY FOR DONORS

Education Freedom Tax Credit (EFTC)

Empowering Families through the Federal & Indiana State SGO Tuition Programs

FEDERAL CREDIT
100%
Dollar-for-dollar tax credit up to

$1,700 per individual taxpayer annually, $3,400 married filing jointly

STATE CREDIT
50%

Indiana State Tax Credit for contributions to approved SGOs like IQE or CFEC.

MAXIMIZE YOUR IMPACT
Dual-Credit Strategy

Maximize philanthropic power by utilizing both credits in tandem.

What is the SGO?

A Scholarship Granting Organization (SGO) is a state-approved 501(c)(3) nonprofit entity that receives private charitable donations from individuals and businesses to provide need-based educational scholarships to eligible K–12 students. Rather than funding education directly through state revenue, SGO programs empower donors to direct their tax dollars toward school choice by awarding scholarships for tuition, fees, and qualified learning expenses at participating schools while granting donors substantial state or federal income tax credits in return.

Understanding the Difference: State SGO vs. Federal SGO

While both programs provide critical scholarship opportunities for K-12 students, key differences exist in tax credit percentages, donor eligibility, and how scholarship funds can be used.

Feature	Indiana State SGO	Federal SGO (EFTC)
Tax Credit Rate	**50%** state tax credit	**100%** federal tax credit (dollar-for-dollar)
Credit Limit	No individual max ($37M statewide gifts cap)	**Up to $1,700** per individual taxpayer / year
Eligible Donors	**Individuals AND Businesses / Corporations**	**Individual Donors ONLY** (Corporations ineligible)
Eligible Student Expenses	• School tuition • Direct school fees at participating private schools	• School tuition, fees, room/board & uniforms • Books, instructional materials & technology • Tutoring & disability services • Transportation & extended day programs

Integration with Indiana Choice & Educational Accounts

Seamless Multi-Program Compatibility

The Federal SGO program can be used in full combination with the State SGO program to deliver comprehensive educational support to Crossing students.

https://i4qed.org/eftc-donation?school_id=15818

DONATE today

Please turn over for detailed tax examples and donor guidelines →



Maximizing Your Impact: Dual-Credit Strategy

What is the Dual-Credit Strategy? Donors cannot claim both federal and state credits on a single dollar. However, you can make **two separate donations** to take full advantage of both programs in the same tax year.

Example Scenario: Individual
$5,000 Dual-Credit Donation Strategy

By splitting a $5,000 gift into two distinct designations, an individual donor can offset both their federal and state tax liabilities significantly:

Total Gift:	**$5,000**
• Federal Designation (EFTC SGO):	$1,700
• Indiana State Designation (IQE SGO):	$3,300
Federal Tax Credit Received (100% of $1,700):	**-$1,700**
Potential IN State Tax Credit Received (50% of $3,300):	**-$1,650**
Combined Tax Credits Generated:	**$3,350**
True Out-of-Pocket Cost of $5,000 Gift:	**$1,650**

Example Scenario: Married Filing Jointly
$5,000 Dual-Credit Donation Strategy

By splitting a $5,000 gift into two distinct designations, an individual donor can offset both their federal and state tax liabilities significantly:

Total Gift:	**$5,000**
• Federal Designation (EFTC SGO):	$3,400
• Indiana State Designation (IQE SGO):	$1,600
Federal Tax Credit Received (100% of $3,400):	**-$3,400**
Potential IN State Tax Credit Received (50% of $1,600):	**- $800**
Combined Tax Credits Generated:	**$4,200**
True Out-of-Pocket Cost of $5,000 Gift:	**$ 800**

How the Federal Tax Benefit Works

The Federal SGO provides a **nonrefundable tax credit** (not a tax deduction). It directly reduces your federal income tax liability dollar-for-dollar. Unused credit amounts can be carried forward for up to **5 years**.

Case 1: Full Tax Credit Utilization

A married couple filing jointly owes $5,000 in federal tax. Both make the max individual donation of $1,700 ($3,400 total).

Result: $5,000 tax owed - $3,400 credit = **$1,600 net tax owed**. Full credit utilized in current year.

Case 2: 5-Year Carryover Credit

A couple owes $2,000 in federal tax and donates $3,400 ($1,700 each).

Result: $2,000 credit reduces tax owed to **$0**. The remaining $1,400 in unused credit carries forward for up to 5 years.

Case 3: Impact on Tax Withholdings & Refunds

Without EFTC Credit:
• Tax Owed: $3,400
• Paycheck Withholding: $4,400
→ **Refund Received: $1,000**

With $3,400 EFTC Credit:
• Tax Owed After Credit: $0 ($3,400 - $3,400)
• Paycheck Withholding: $4,400
→ **Refund Received: $4,400**

Note: The credit reduces tax owed before applying paycheck withholdings. It cannot increase total refund beyond tax paid in, but carries over unused credit balances.

Important Note:

- Because IQE (State SGO) and EFTC (Federal SGO) utilize distinct donation portals, contributions must be completed via their respeciitve websites.
- IQE is the ONLY participating Federal SGO in Indiana - CFEC does not currently participate in the Federal SGO program.
- Individual tax situations can vary, and IRS guidelines will ultimately govern how the credit is claimed and applied. **Consult your tax professional for individual tax advice.**

i4qed.org/scholarships/education-freedom-tax-credit.