

The Diocese of Arlington Scholarship Foundation (DASF) is part of the Virginia Education Improvement Scholarship Tax Credit Program which provides scholarships to low income new students to a Diocese of Arlington Catholic school.

- · Donors receive 65% of their approved donation in Virginia tax credits
- Donors who itemize also receive a Virginia tax deduction and a partial federal tax deduction
- · Donating appreciated stock also avoids capital gains taxes
- · Distributions from IRAs qualify for this program

# Frequently Asked Questions

#### What's great about tax credits?

A tax credit allows you to subtract the amount of the credit – dollar for dollar – from the total amount you owe the state in taxes, not from taxable income. YOU DO NOT NEED TO ITEMIZE IN ORDER TO USE TAX CREDITS!

#### How are donations limited?

Non-business donors must contribute a minimum of \$500. For individuals, including married couples, the maximum donation is \$125,000 per person per tax year. Business entities, including sole proprietorships, have no donation limits.

#### What kind of donations qualify for the tax credit?

Eligible donations include cash, checks or marketable securities. IRA distributions also qualify for this program.

### How do I qualify for a tax credit?

In order to receive the tax credit, donors must request a preauthorization for their donation from the Virginia Dept. of Education, who will issue and mail them a Preauthorization Approval Form. The preauthorization is valid for 180 days. Donations made without a Preauthorization Approval Form will not be eligible for the tax credit. The Preauthorization Request Form can be downloaded from the Virginia Dept. of Education website: www.doe.virginia.gov/school\_finance/scholarships\_tax\_credits

## Which students receive these scholarships?

Students must be new Virginia residents entering K-12 or transferring from a public school and financially qualify annually under the specified poverty guidelines.

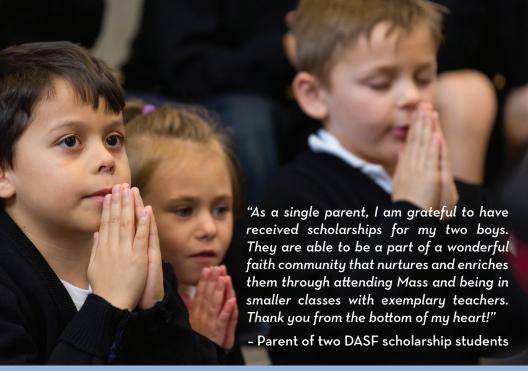
# Can a particular school or schools be designated to receive my donation to the DASF?

No, this tax credit program does not permit DASF Funds to be earmarked to a particular school.









# Illustration of Tax Savings for Donations

Please consult your tax advisor for your specific tax savings

Married Taxpayer with taxable income of \$77,401 - \$165,000 per year	Taxpayer who itemizes	Does not itemize	Taxpayer who itemizes	Does not itemize
Scholarship Donation Amount (SDA)	\$1,000	\$1,000	\$5,000	\$5,000
Virginia Tax Credit (65%)	\$650	\$650	\$3,250	\$3,250
Virginia Tax Savings (5.75%)	\$20		\$101	
Federal Tax Savings† (22%) (Above taxes calculated as donation amount less 65% tax credit)	\$77		\$385	
Total Tax Savings	\$747	\$650	\$3,736	\$3,250
Net Cost of Donation	\$253	\$350	\$1,264	\$1,750

Married Taxpayer with taxable income of \$165,001 - \$315,000 per year	Taxpayer who itemizes	Does not itemize	Taxpayer who itemizes	Does not itemize
Scholarship Donation Amount (SDA)	\$1,000	\$1,000	\$5,000	\$5,000
Virginia Tax Credit (65%)	\$650	\$650	\$3,250	\$3,250
Virginia Tax Savings (5.75%)	\$20		\$101	
Federal Tax Savings† (24%) (Above taxes calculated as donation amount less 65% tax credit)	\$84		\$420	
Total Tax Savings	\$754	\$650	\$3,771	\$3,250
Net Cost of Donation	\$246	\$350	\$1,229	\$1,750

<sup>\*</sup> NOTE NEW TAX RULING: On 6/11/2019, the IRS issued a new ruling regarding donations to state and local tax credit programs. Effective 8/27/2018, the federal charitable contribution deduction allowed is the amount of the donation LESS the state tax credit amount.

"I was so happy to support Catholic education and to see the net tax benefit I received for my donation to the scholarship foundation."

- A current DASF donor

## Follow these steps to get your tax credit:

- 1a. Go online to download a Preauthorization Request Form: doe.virginia.gov/school\_finance/scholarships\_tax\_credits Or
- 1b. Contact our office for a Preauthorization Request Form.
- 2. Please follow the instructions on the Preauthorization Request Form and mail the form to the VA DOE address shown on the form. VA DOE will then send you a Preauthorization Approval Form for your donation.
- 3. Once you receive the Preauthorization Approval Form from the VA DOE (form has a 6 character code at the top), complete Part 1 of this form, sign it and mail it with your check to:

## Diocese of Arlington Scholarship Foundation 200 North Glebe Road, Suite 811, Arlington, VA 22203

- 4. Please make checks payable to: **Diocese of Arlington Scholarship Foundation**. If the donation is marketable securities, please contact us for a stock donation form and instructions.
- 5. An acknowledgment letter from the Diocese of Arlington Scholarship Foundation will be sent to you for your charitable tax deduction.
- 6. The State of Virginia will send a tax credit certificate directly to you. The tax credit may be claimed for the same tax year in which the donation is made. Any unusued tax credits may be carried over the next five succeeding tax years or until the total amount of the credit has been taken, whichever is sooner.



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