

## Alabama Educational Scholarship Program



AAA Scholarship Foundation (AAA) is a 501 (c)(3) nonprofit organization and state approved School Granting Organization (SGO) that exclusively serves eligible low-income children through the Alabama Educational Scholarship Program which allows any company that pays Alabama corporate income tax to redirect up to 50 percent of its tax liability to AAA in order to fund K-12 education scholarships for eligible, low-income children. A shareholder of an S-Corp can also redirect up to \$7,500 per year to AAA. **It costs you NO extra dollars** – the legislature has made it possible for your company to earmark up to 50 percent of its state corporate income tax liability to fund low-income student scholarships.

### Reserving your state tax credit

The process to enroll is very simple.

- 1) Sign onto the Alabama Department of Revenue's online portal for taxpayers – My Alabama Taxes ("MAT").
- 2) Select "SGO Donation" from the menu on the left margin of the page.
- 3) Select "AAA Scholarship Foundation" and enter the amount you would like to redirect. If the program cap has not been met, you will receive a confirmation immediately and AAA will be notified that you have reserved a credit.

You may apply more than once for credits during the year for a maximum of 50 percent of your net state corporate income tax. It's important to remember that the approval process does not oblige you to remit the funds to AAA-it is merely a way for the DOR to ensure that the annual maximum (\$30 million for 2016) in tax credits is not over-subscribed.

### Remitting your payment to a SGO

AAA will email you an invoice with our remittance information. You will have 30 days from the date of approval by the AL DOR to remit the amount pledged directly to AAA via check, wire or ACH.

### The official acknowledgement for your remittance

Once the remittance is received, AAA will promptly return an acknowledgement for each remittance (known as a Certificate of Contribution) to your company. It will list the name of the company remitting the funds, the company's tax ID number, the amount of the remittance and the date of the remittance (please remember that the payment must be made within 30 days from the date of approval by the AL DOR). The company should retain the Certificate of Contribution in order to attach a copy to its state tax return.

### Taking the credit on your state income tax return

A company using the "general" or "standard" method of determining its estimated quarterly payments should net the remittance amount from its state tax liability (after the application of any other allowable credits). For state income tax purposes the remittance is treated as a credit against state income tax and is reported on Schedule BC of Form 20C. *Please note that any state tax liability remaining after the remittance is netted should be paid as normal estimated tax payments to the Alabama DOR.*

### Unused credits can be carried forward for 3 years

If the company determines that it has insufficient tax liability to take the full credit (amount remitted is greater than 50 percent of net tax liability), it may carry forward any unused credit for up to three years.



AAA Scholarship Foundation Inc (AAA Scholarships) is a GuideStar Exchange Platinum Participant

This organization has earned the GuideStar Exchange Seal, demonstrating its commitment to transparency.

For more information contact: Kerri Vaughan [kerri@aaascholarships.org](mailto:kerri@aaascholarships.org) • 786-367-0823

Alabama Office: 103 N. Memorial Dr., Suite 307, Prattville, AL 36067 • Phone and Fax: 888-707-2465 • Website: [www.aaascholarships.org](http://www.aaascholarships.org)