

Subject: Illinois Invest in Kids Program

The Illinois legislature passed legislation in 2017 to provide significant state tax benefits for taxpayers who contribute to organizations offering scholarships to students who attend non-public schools in Illinois. The program is known as “Invest in Kids”.

Here are the key provisions of this legislation:

- Contributions must be made to a state-approved “Scholarship Granting Organization (SGO).” Those organizations must be approved by the Illinois Department of Revenue (IDR). If an organization wanted to be an SGO in 2018, they could begin applying December 1, 2017. SGO’s must apply annually.
- An SGO functions as intermediary, receiving contributions then awarding scholarships to eligible students paid directly to the qualified school on behalf of the student.
- Donors to SGOs receive an Illinois income tax credit equal to 75% of qualified contributions and may contribute up to \$1 million to the program. Therefore, a \$10,000 contribution would be treated as if you had made a \$7,500 estimated tax payment.
- Taxpayers must apply for, receive approval, and contribute using a “MyTaxIllinois” account (mytax.illinois.gov). If approved, the taxpayer receives a certificate from the IDR which must be provided, along with the contribution to the SGO within 60 days of receiving approval.
- Contributions may be designated for certain schools or groups of schools, but may not be designated for specific students.
- The legislation authorized the IDR to issue up to \$75 million in credits per calendar year. The credits are awarded on a first-come, first-served basis.
- Unused credits may be carried forward for five taxable years.
- Contributions to SGOs taxpayers use for credit purposes may not be treated as charitable contributions for federal tax purposes.

Key dates if you want to participate:

If you do not have a MyTaxIllinois account, apply for one as soon as possible. Account creation can take 7 – 10 business days.

January 2, 2018 – Submit an application for the 2018 Invest in Kids tax credit using your MyTaxIllinois account.

60 days after application approval – Make contribution and provide certificate of approval to SGO.

January 2, 2019 - Submit an application for the 2019 Invest in Kids tax credit using your MyTaxIllinois account.

March 15, 2019 – Claim the 2018 credit on your timely filed partnership or S corporation return, if applicable.

April 15, 2019 – Claim the 2018 credit on your timely filed individual or C corporation return, if applicable.

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