



## SCHOLARSHIP GRANTING ORGANIZATION

### Win, Win For Both!

As a trusted advisor, we continue to bring value to our clients by thinking proactively about the years to come, not just the years past. With the passage of the Tax Cuts and Jobs Act, some deductions that were previously deductible in full, will be limited. One of such deductions is \$10,000 limit of the amount of taxes deductible as an itemized deduction. To combat this limitation, ARSA has been advising our clients to consider a contribution to a Scholarship Granting Organization or SGO.

Due to the Alabama Accountability Act passed in 2013, these contributions can be treated as a credit against your Alabama income tax liability. This same payment will be treated as a charitable contribution on your federal income tax return. Win, win for both! The maximum amount a taxpayer is allowed to utilize in any given year is the maximum of \$50,000 or one-half of their income tax liability for the year. But don't worry if you overpay a little or a lot. The contribution can carry forward for up to three years.

For 2018, Alabama has authorized a total of \$30 million in SGO contributions to be distributed. Once this allotment runs out, there will be no further 2018 credits available. There are obviously some specific steps to go through to get registered and make the contribution payment, so contact your ARSA advisor or **Angela Sparks** in our Tax Advisory Services group at **256.533.1040** to discuss.

