

Preauthorization Form Instructions

Pursuant to Section 58.1-439.25 et seq., *Code of Virginia*, the Education Improvement Scholarships Tax Credits Program is effective for taxable years beginning on and after January 1, 2013, but before January 1, 2028.

General Information

The Education Improvement Scholarships Tax Credits Program provides state tax credits for individuals or businesses making monetary or marketable securities donations to approved scholarship foundations that provide scholarships to eligible students for qualified educational expenses incurred in attending eligible nonpublic schools. The tax credit is equal to 65 percent of the donation, and may be claimed against the individual income tax, corporate income tax, bank franchise tax, insurance premiums license tax, or tax on public service corporations.

The credit will be allowed to be claimed for the taxable year in which the monetary or marketable securities donation was made to a qualified scholarship foundation. Any unused tax credits may be carried over for the next five succeeding taxable years or until the total amount of credit has been taken, whichever is sooner.

The Department of Education will preauthorize tax credits up to \$25 million for each program year (i.e., state fiscal year) on a first-come, first-served basis. First-come, first-served is determined based on a date and time stamp of the donor's preauthorization request.

Qualified Donations

A qualified donation is a preauthorized donation to an eligible scholarship foundation by a donor in the form of cash, check, debit/credit card, payroll deduction or marketable securities. A qualified donation does not include goods, services, or property. For individuals, the minimum donation for issuance of tax credits is \$500 in a taxable year, and the maximum aggregate donations for issuance of tax credits are \$125,000 in a taxable year. There are no limitations for businesses.

Tax Credit Limitations

An individual may not be issued less than \$325 or more than \$81,250 in tax credits in a taxable year. However, these tax credit limitations do not apply to credits issued to any business entity, including a sole proprietorship. An individual that has already been issued tax credits for donations of \$500 or more to a scholarship foundation can be issued tax credits for additional donations to the same scholarship foundation that are less than \$500, provided that the additional donations are made in the same taxable year.

Preauthorization Requests

To request a specified amount of tax credits, the donor must complete Parts I - III of the Preauthorization Form, and submit it to the Department, OR allow an approved scholarship foundation to submit the form to the Department on his or her behalf.

Preauthorization Form submitted by a Donor:

The donor must submit the completed Preauthorization Form via U.S. Mail to: *Virginia Department of Education, 21st Floor, Attn: Scholarship Tax Credit Program, P.O. Box 2120, Richmond, VA 23218-2120.*

Preauthorization Form submitted by a scholarship foundation on behalf of a donor:

A scholarship foundation filing the Preauthorization Form on behalf of a donor must submit the form to the Department using the secure Web-based system provided on the Department's Web site at <https://p1pe.doe.virginia.gov/ssws/login.page.do>.

For preauthorization forms submitted by scholarship foundations on behalf of donors via the secure Web-based system contained on the Department Web site, the date and time received will be documented electronically. For preauthorization forms submitted by individual donors via U.S. Mail, all requests will be date and time stamped. Any forms received on the same day will be opened in random order and date and time stamped upon opening.

Information provided on the Preauthorization Form will be shared with the Department of Taxation for purposes of administering the *Education Improvement Scholarships Tax Credits Program*. Failure to provide this information may limit your ability to claim the tax credit.

Preauthorization Approval

The Department will complete Part IV of the Preauthorization Form and mail it back to the donor via U.S. Mail. If within 30 days of filing the Preauthorization Form you have not received a response from the Department, you may contact the Department using the contact information provided on the Department's website at http://www.doe.virginia.gov/school_finance/scholarships_tax_credits/index.shtml.

If the donor's preauthorization request is approved by the Department, the donor will receive a Preauthorization Notice, via U.S. Mail, in addition to the approved Preauthorization Form. The donor will be required to provide with each donation a copy of the Preauthorization Notice.

If the donor plans to make multiple donations to the same foundation or donations to more than one foundation, the donor must make copies of the Preauthorization Notice prior to completing the information for the first donation. The donor has 180 calendar days from the date of this Preauthorization Notice to make a monetary or marketable securities donation. Any preauthorized amounts not acted upon by the donor by making a donation and providing the required signed preauthorization notice to the scholarship foundation before the expiration of the 180 days, will become void.

Waitlist

If the annual tax credit cap amount of \$25 million has already been reached, then the Department will contact the donor, and place an agreed upon amount on a waitlist. The donors on the waitlist will be notified when funds become available to be preauthorized. Donors on the waitlist will be notified in the order that their Preauthorization Form was received by the Department.

For Help

If you have questions about the preauthorization process, you may contact the Department using the contact information provided on the Department's website at http://www.doe.virginia.gov/school_finance/scholarships_tax_credits/index.shtml.