

## **Employer Provided Scholarship Tax Credit Example**

1. You are an individual, partnership or corporation with at least four (4) full-time equivalent employees, but with no more than 250 full time employees during the calendar year.
2. You have an employee who qualifies for the program if over half of their financial support for that calendar year in which the taxable year for the eligible taxpayer begins, was received from an eligible employee (you in this scenario). We call these “qualified dependents”.
3. You must then have your scholarship program and credit amount certified by the Oregon Student Assistance Commission’s (OSAC), which also means you must meet the IRS eligibility requirements and so must your employee.
4. You may donate as much money as you would like to someone’s scholarship, but the maximum tax credit which can be claimed in a single tax year is \$50,000. There is also a \$1 million cap on the total amount of credits that can be certified by the commission per calendar year, and a total lifetime amount of credits an employer (you) may claim is limited to \$1 million.
5. Let’s say you decide to provide \$5,000 a year for your employee. Once this is done you must file a Tax Credit Certification Application by October 1 of the calendar year for which the tax credit will be claimed.
6. You may claim a credit against your income tax for 50% of the amount of scholarships funded for their employees. If the credit exceeds the employer’s tax liability, the excess may be carried forward up to five (5) years. (So up to \$2,500 may be claimed by you in this scenario).
7. For each year the scholarship award is disbursed, the employer may receive a tax credit of 50% of the amount, as long as the employer **ALSO** remits a contribution to the scholarship fund during the calendar year for which tax certification is being sought.