

**Illinois Department of Revenue  
Regulations**

<b>Title 86</b>	<b>Part 1000</b>	<b>Section 500</b>	<b>Scholarship Granting Organizations: Issuance of Certificates of Receipt</b>
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TITLE 86: REVENUE  
CHAPTER I: DEPARTMENT OF REVENUE

PART 1000  
INVEST IN KIDS ACT

**Section 1000.500 Scholarship Granting Organizations: Issuance of Certificates of Receipt**

- a) *No scholarship granting organization shall issue a certificate of receipt for any qualified contribution made by a taxpayer under the Act unless that scholarship granting organization has been approved to issue certificates of receipt pursuant to Section 15 of the Act. (See Section 1000.300.)*
  
- b) *No scholarship granting organization shall issue a certificate of receipt for a contribution made by a taxpayer unless the taxpayer has been issued a contribution authorization certificate by the Department and the SGO has received a copy of the contribution authorization certificate. The contribution must be made by the person whose name appears on the contribution authorization certificate. If a check or credit card is used to make a contribution to the SGO, the name that appears on the check or credit card must be the name of the person whose name appears on the contribution authorization certificate. If a contribution is made using stock or negotiable securities, the stock or negotiable securities must be in the name of, or held in the name of, the person whose name appears on the contribution authorization certificate.*

EXAMPLE 1: Individual A is the beneficiary of a trust. The trust obtains a CAC from the Department. The individual instructs the trust to make a contribution to an SGO in the amount of \$1,000. The SGO must issue the COR in the name of the trust.

EXAMPLE 2: Individual A is the beneficiary of a trust. Individual A obtains a CAC from the Department. The trust makes a contribution to an SGO in the amount of \$1,000. The SGO shall not issue a COR to the trust because the CAC is in the name of Individual A. The SGO shall not issue the COR to the individual because the contribution was made by the trust. The individual must make the contribution to receive the COR.

- c) Written Certificate of Receipt
  - 1) *If a taxpayer makes a contribution to a scholarship granting organization on or before the date by which the authorized contribution is required to be made (see Section 1000.400(h)(3)), the scholarship granting organization shall, within 30 days after receipt of the authorized contribution, issue to the taxpayer a written certificate of receipt. For purposes of determining the 30-day period for issuing a COR, the SGO shall use one the following dates as the receipt date:*

- A) the date of receipt by the SGO if the contribution is physically delivered to the SGO by the taxpayer;
  - B) the postmark date, if deposited in the U.S. Mail; or
  - C) the date the contribution was received by, or deposited with, a common carrier for delivery to the SGO.
- 2) *Upon the issuance of a certificate of receipt, the issuing scholarship granting organization shall, within 10 days after issuing the certificate of receipt, provide the Department with notification of the issuance of the certificate. SGOs shall issue CORs to taxpayers by means of electronically completing a COR on the Department's website, but only after payment is confirmed (e.g., the payment has cleared). Online completion of the COR on the Department's website satisfies both the requirement to issue the COR to the taxpayer and to provide the Department with notification of the issuance of the COR.*
- d) *Each certificate of receipt shall state:*
- 1) *the name and address of the issuing scholarship granting organization;*
  - 2) *the taxpayer's name and address;*
  - 3) *the date of each qualified contribution;*
  - 4) *the amount of each qualified contribution;*
  - 5) *the total qualified contribution amount;*
  - 6) the unique identifier for the CAC provided to the SGO for the qualified contribution; and
  - 7) the region for which the COR is issued.
- e) *The notification to the Department shall include:*
- 1) *the taxpayer's name and address;*
  - 2) *the date of the issuance of a certificate of receipt;*
  - 3) *the date or dates on which the qualified contribution was made and the amounts contributed on those dates (see subsection (c));*
  - 4) *the total qualified contribution listed on the certificates;*
  - 5) *the issuing scholarship granting organization's name and address;*
  - 6) the unique identifier for the CAC provided to the SGO for the qualified contribution; and
  - 7) the region for which the COR was issued.

- f) *If a taxpayer fails to make all or a portion of an authorized contribution on or before the date by which the authorized contribution is required to be made (see Section 1000.400(h)(2)), the taxpayer shall not be entitled to a certificate of receipt for that portion of the authorized contribution not made. In other words, each COR issued by an SGO may only be issued in the amount of the authorized contribution actually made by the taxpayer on or before the 60-day deadline. (See Section 1000.400(h)(2).)*

EXAMPLE: A CAC in the amount of \$1000 is issued by the Department to the taxpayer on January 20. The taxpayer has 60 days from the date of the CAC to make the authorized contribution. On January 21, the taxpayer sends the CAC and a check in the amount of \$500 to an SGO. The SGO receives the check on January 23. The SGO must provide a COR to the taxpayer in the amount of \$500 no later than February 22. On February 25, the taxpayer sends a check in the amount of \$250 to the same SGO. The SGO receives the check on February 27. The SGO must provide a COR to the taxpayer in the amount of \$250 no later than March 29. On March 23, the taxpayer sends a check in the amount of \$250 to the SGO. The SGO cannot issue the taxpayer a COR for the \$250 payment because the payment was made more than 60 days after the issuance of the CAC.

- g) *Any portion of a contribution that a taxpayer fails to make by the date indicated on the contribution authorization certificate shall no longer be deducted from the caps prescribed in Section 10 of the Act. [35 ILCS 40/30] (See Section 1000.200.) The Department will restore the amounts previously deducted after the last date has passed by which the SGO must notify the Department of the issuance of the COR for any given CAC.*
- h) Taxpayers can make, and SGOs can receive, contributions in the form of cash, stocks, and negotiable securities. If an SGO receives a contribution in stock or negotiable securities, the SGO must convert the stock and negotiable securities to cash and receive the cash proceeds prior to issuing the COR to the taxpayer. The amount of the COR issued to the taxpayer shall not exceed the net amount received in cash from the sale and available to the SGO for awarding scholarships to eligible students. The SGO must receive the proceeds from a sale from the broker before the SGO may issue a COR to the taxpayer. If an SGO maintains a brokerage account dedicated to receiving, selling and receiving the proceeds from the sale of stock and negotiable securities received from taxpayers as contributions, the funds are received when the proceeds from the sale of the stock or negotiable securities are placed in the dedicated brokerage account. Prior to making a contribution to an SGO with stock or negotiable securities, the taxpayer must acknowledge that, if the amount received by the SGO from the sale of the stock or negotiable securities exceeds the amount of the CAC issued to the taxpayer by the Department, the SGO will issue a COR to the taxpayer in the amount of the CAC, the SGO will use the excess funds for a charitable purpose, and the taxpayer will not receive a tax credit under the Act for the excess funds. The SGO must notify the taxpayer of the amount that exceeds the CAC.

EXAMPLE 1: A taxpayer has a CAC to contribute \$100,000 to an SGO. The taxpayer owns 100 shares of XYZ stock valued at \$95 per share on the day the shares are contributed to the SGO. The SGO has 30 days to issue a COR to the taxpayer. (See subsection (c).) On Day 28, the SGO's broker sells the stock. After deducting his commission, he remits \$90,000 to the SGO on Day 29. The SGO issues the COR to the taxpayer in the amount of \$90,000 on Day 30.

EXAMPLE 2: A taxpayer has a CAC to contribute \$100,000 to an SGO. The taxpayer owns 100 shares of XYZ stock valued at \$95 per share on the day the shares are contributed to the SGO. The SGO has 30 days to issue a COR to the taxpayer. (See subsection (c).) On Day 17, the SGO's broker sells the stock. After deducting his commission, he remits \$105,000 to the SGO on Day 19. The amount of the COR to be issued by the SGO to the taxpayer cannot exceed \$100,000. The SGO must notify the taxpayer that it received \$5000 more than the CAC from the sale of the stock, that it will use the excess funds for a charitable purpose, and that the taxpayer will not receive a tax credit under the Act for the excess funds.

EXAMPLE 3: A taxpayer has a CAC to contribute \$100,000 to an SGO. The taxpayer owns 100 shares of XYZ stock valued at \$95 per share on the day the shares are contributed to the SGO. The SGO has 30 days to issue a COR to the taxpayer. (See subsection (c).) On Day 30, the SGO's broker sells the stock. After deducting his commission, he remits \$90,000 to the SGO on Day 31. The CAC has lapsed and the SGO cannot issue a COR to the taxpayer for any amount realized from the sale of the stock.

- i) If a taxpayer makes a contribution to an SGO using a credit card and the credit card company charges the SGO a processing fee, the SGO shall issue a COR to the taxpayer in the amount of the contribution to the SGO, less the amount of the processing fee. If an SGO is unable to determine the amount of the processing fee prior to issuing a COR to the taxpayer for the contribution, the SGO may use a reasonable method of allocating processing fees to contributions.
  - 1) The SGO may collect an amount equal to the processing fee from the taxpayer. If the SGO collects the amount of the processing fee from the taxpayer, the SGO may issue the taxpayer a COR in the amount of the contribution received from the taxpayer.

EXAMPLE: The taxpayer has a CAC in the amount of \$1,000 and makes a contribution of \$1,000 using his credit card. The credit card company remits \$970 to the SGO. The taxpayer subsequently pays \$30 to the SGO to cover the processing fees. The SGO can issue CORs in the amount of \$970 and \$30 to the taxpayer. The taxpayer may treat the amount paid to the SGO in excess of \$1,000 (e.g., the \$30) to cover the cost of the processing fee as a regular charitable contribution.

- 2) The SGO may issue a COR to the taxpayer in the amount of the contribution and treat the processing fees as an administrative expense.

EXAMPLE: The taxpayer has a CAC in the amount of \$1,000 and makes a contribution of \$1,000 using his credit card. The credit card company remits \$970 to the SGO. The SGO uses 95% of the funds (\$950) for scholarships. It uses 5% for administrative costs (\$50) and pays the \$30 processing fee out of the 5%. The SGO may issue a COR to the taxpayer in the amount of \$1,000.

- j) Without the consent of a taxpayer, an SGO may not disclose to any person the contents of a taxpayer's contribution authorization certificate, the amount of contributions made to the SGO by the taxpayer, and the contents of a certificate of receipt issued to the taxpayer by the SGO.