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Bulletin

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This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

For information visit our website:
tax.illinois.gov, or
investinkids.illinois.gov

Call us at:
217 785-7313

Email questions to us at:
REV.PRD@illinois.gov

To apply as a Scholarship Granting Organization, visit:
mytax.illinois.gov

Invest in Kids Act - SGO

This bulletin supersedes FY2018-12 (N-11/17)

To: Organizations interested in becoming a Scholarship Granting Organization

Public Act 100-0465 created the Invest in Kids Act (35 ILCS 40/1). This Act allows income tax credits for taxpayers who make authorized contributions to a Scholarship Granting Organization (SGO). SGOs, in turn, provide scholarships for eligible Illinois students to attend qualified, non-public schools in Illinois.

What is a Scholarship Granting Organization?

SGOs are non-profits that, after approval by the Illinois Department of Revenue, can receive qualified contributions from individuals and businesses to be disbursed to qualified, non-public schools in Illinois in the form of scholarships to eligible Illinois students.

What are the requirements to be an SGO?

SGOs must be approved by the Department before issuing Certificates of Receipt (CORs) to contributors. SGOs must provide the following documentation at the time of application:

- a copy of the letter issued by the IRS demonstrating that the SGO has been granted an exemption from taxation under Section 501(c)(3) of the Internal Revenue Code;
- a list of the names and addresses of all members of the organization's governing board;
- the region(s) in which the SGO will grant scholarships;
- the primary email address to which notices and other documents provided for under the Act shall be sent;
- a list of the names, addresses, and Social Security numbers of the officers, executive director, and employees with managerial authority of the SGO, or of any entity retained by the SGO to operate the SGO; and
- a copy of the most recent financial audit of the SGO's accounts and records conducted by an independent certified public accountant in accordance with governmental auditing standards and auditing standards generally accepted in the United States.

Note: If the SGO is registered under Section 2 of the Solicitation for Charity Act, and is subject to subsection (b) of Section 4 of that Act, and files a summary financial statement or written report to the Attorney General in accordance with the Act, the SGO may submit a copy of the most recent summary financial statement or written report.

In addition, the following information must be certified on the application:

1. No officers, executive director or employees with managerial authority of the SGO, or any officers, executive director or employees with managerial authority of any entity retained by the SGO to operate the SGO, have filed for personal bankruptcy or corporate bankruptcy in a corporation of which they owned more than 20 percent within the last seven years;
2. The officers, executive director or employees with managerial authority of the SGO, or any officers, executive director or employees with managerial authority of any entity retained by the SGO to operate the SGO are not board members or paid staff members of a participating qualifying school, do not own or operate a qualified school or have a family member who is a board member or a paid staff member of a participating qualified school;
3. The SGO is, and will remain, in compliance with the anti-discrimination provisions of 42 U.S.C. 2000d;
4. At least 95 percent of qualified contributions will be distributed for scholarships by the SGO;
5. The SGO will provide scholarships to students according to the Act; and
6. The SGO will deposit and hold the qualified contributions, and any income derived from the qualified contributions, in an account that is separate from the SGO's operating fund or other funds until such qualified contributions or income are withdrawn for use.

How does an organization apply to become an SGO?

Applications must be submitted electronically through MyTax Illinois, available on the Department's website at mytax.illinois.gov.

When are applications accepted?

Organizations that want to be approved as an SGO for the 2018 tax year can apply beginning December 1, 2017. Applications to become an SGO for the 2018-2019 school year must be received by January 15, 2018. The Department must respond to your application within 30 business days. Organizations must apply for renewal each year as an SGO.

When can SGOs begin granting scholarships?

SGOs may begin accepting applications as soon as they are approved by the Department. SGOs must begin granting scholarships, subject to availability of funds, no later than February 1 for the 2018-2019 school year. Scholarships are paid directly to the qualified school by the SGO on behalf of the student.

Can we allocate the Invest in Kids money to students we have already accepted to receive scholarships?

No. These students must apply for a scholarship under the Invest in Kids Act.

If we are approved to be a SGO, can we limit the schools to which we provide scholarships?

No. Generally, SGOs can only grant scholarships, subject to availability of funds, for attendance at qualified schools within the region or regions for which they have been approved by the Department. However, individual contributors can restrict their contributions to be used for scholarships at a specific school or subset of schools.

What are the geographic boundaries?

For the purpose of awarding credits, Illinois will be divided into five regions whose boundaries are the same as the Illinois Appellate Court districts. The five regions and their estimated proportionate share of tax credits for 2018 are:

- Region 1, Cook County, 51.22%
- Region 2, Northern Counties, 23.09%
- Region 3, North Central Counties, 9.97%
- Region 4, Central Counties, 7.50%
- Region 5, Southern Counties, 8.22%

For a listing of counties within each region, visit illinoiscourts.gov.

Important Dates to Remember

December 1, 2017

Organizations may go to MyTax Illinois, at mytax.illinois.gov, to complete and submit an application to be approved as an SGO for the 2018-2019 school year.

January 2, 2018

Illinois taxpayers who wish to contribute can begin applying for a Contribution Authorization Certificate (CAC) from the Department.

January 15, 2018

Your application must be received by the Department to be approved as an SGO for the 2018-2019 school year.

Important Information to Remember

- You must apply online to be approved as an SGO. Visit mytax.illinois.gov.
- Once approved, you can begin accepting contributions from contributors who have been issued a CAC by the Department.
- As soon as you receive your approval to be an SGO, be sure to activate your MyTax Illinois account (if you do not have one already). You will report contributions received and issue CORs to contributors through MyTax Illinois.

Important information to share with contributors:

Contributors must have a registered MyTax Illinois account in order to apply for the income tax credit. Contributors are encouraged to create a MyTax Illinois account as soon as possible to avoid any processing delays when the application system goes live.

To activate a MyTax Illinois account, contributors should visit mytax.illinois.gov.