

# Georgia GOAL Scholarship Credit

A technical brief for CPAs whose clients are Mt. Bethel Christian Academy families · Updated May 2026

## AT A GLANCE

The credit. A Georgia 100% dollar-for-dollar income tax credit for contributions to a Student Scholarship Organization (SSO). Personal limits: \$2,500 single / \$5,000 MFJ / \$25,000 pass-through owner. C-corps and trusts: 75% of Georgia liability.

What's new in 2026. HB 328 (signed by Gov. Kemp May 11, 2026) raises the aggregate statewide cap from \$120M to \$150M effective for the 2027 contribution year, and expands student eligibility to military families and students with IEPs, 504 Plans, dyslexia, ASD, or other designated IDD's.<sup>1,2</sup>

The stacking opportunity. Pass-through owners (S-corp/LLC/partnership) can elect the HB 149 entity-level tax, then have the entity contribute up to 75% of its Georgia liability to GOAL. The state tax paid at the entity level is federally deductible under IRS Notice 2020-75, bypassing the §164(b)(6) SALT cap.<sup>3,4</sup>

The federal layer. Beginning January 1, 2027, the new §25F / ECCA federal scholarship credit allows up to \$1,700 per taxpayer as a dollar-for-dollar federal credit (statute caps "any taxpayer" at \$1,700; MFJ doubling to \$3,400 pending Treasury guidance). Georgia opted in January 20, 2026.<sup>5,6</sup>

Timing. Pre-approval applications open January 2, 2027. The cap has typically filled in the first few business days of January each year. Apply via [goalscholarship.org](https://goalscholarship.org) before year-end 2026 to secure 2027 credit.

## 1. Credit structure and per-donor caps

The Georgia Qualified Education Expense Tax Credit (O.C.G.A. § 48-7-29.16) is a nonrefundable, dollar-for-dollar credit against Georgia income tax for contributions to a state-approved Student Scholarship Organization (SSO). Mt. Bethel Christian Academy is one of more than 230 participating schools statewide. For individual donors, unused credit carries forward three years (TY 2025+); C-corps, trusts, and electing PTEs receive no carryforward.

Donor type	2027 contribution limit	Mechanic
Single / Head of Household	\$2,500	100% GA credit
Married filing jointly	\$5,000	100% GA credit
Married filing separately	\$2,500 each	100% GA credit
Pass-through owner (S-corp/LLC/Partnership)	\$25,000	100% GA credit, up to GA liability
C-corporation / Trust	75% of GA tax liability	100% GA credit, up to the 75% cap
Insurance company (premium tax)	6% of statewide cap (~\$9M)	100% premium tax credit

## 2. HB 149 + GOAL stacking (the pass-through opportunity)

For clients who own an interest in a Georgia S-corp, partnership, or multi-member LLC, the most efficient structure stacks Georgia's HB 149 pass-through entity (PTET) election with a GOAL contribution made at the entity level. The result: the GOAL contribution offsets the entity's Georgia tax (not the owner's), and the entity-level state tax is fully deductible federally outside the SALT cap.

### How it works

- Make the HB 149 election. Annual, irrevocable election made by checking the box and completing the schedules on Form 600S (S-corp) or Form 700 (partnership/LLC) on the timely-filed return (including extensions). The election binds all owners.<sup>3</sup>
- Entity contributes to GOAL. An electing PTE is treated as an "other entity" for the QEE credit and may contribute up to 75% of its Georgia tax liability.
- Federal deduction at the entity level. Per IRS Notice 2020-75 (Nov 9, 2020), the entity-level state income tax is deductible by the PTE in computing non-separately stated income/loss flowing through to owners. This bypasses the \$10,000 (TCJA) / \$40,000 (OBBBA) individual SALT cap under §164(b)(6). Note: the \$40K OBBBA cap phases down 30¢ per \$1 above \$500K MAGI, reverting to \$10K at \$600K MAGI — so high-income MBCA families effectively face a \$10K SALT cap, making the HB 149 bypass especially valuable.<sup>4</sup>
- Owner-level Georgia subtraction. The owner subtracts the share of PTE income already taxed at the entity level from their Georgia personal return, then adds back their share of the federal deduction taken for the entity-level state tax.
- Restriction. An electing PTE may not pass through the GOAL credit to its owners. The owner can still personally contribute the \$2,500/\$5,000 individual cap on income that did not pass through under the HB 149 election.

### WORKED EXAMPLE — S-CORP OWNER

Worked example: S-corp owner, MBCA family, 2027 contribution year

Dr. and Mrs. Client are 100% owners of a Georgia S-corp generating \$1.2M of ordinary income. Their share of Georgia taxable income is ~\$1.0M; at the 4.99% rate (HB 463, effective Jan 1, 2026), the entity's Georgia tax liability is ~\$49,900.

HB 149 election: The S-corp pays \$49,900 of Georgia tax at the entity level. Federally deductible in full under Notice 2020-75 — not subject to the SALT cap. At a 37% federal marginal rate, that saves ~\$18,463 in federal tax.

GOAL contribution at the entity level: Up to  $75\% \times \$49,900 = \$37,425$  as a 100% Georgia credit. The Client family separately contributes the \$5,000 MFJ personal cap against their remaining personal Georgia liability (this assumes non-PTE GA income — e.g., wages, interest, rentals — sufficient to absorb the credit).

Net effect: Roughly \$42,425 redirected from Georgia tax to MBCA scholarships at essentially zero out-of-pocket cost, plus a federal SALT-bypass deduction worth ~\$18,463.

### 3. C-corporation treatment under Rev. Proc. 2019-12

C-corporations contributing to GOAL receive a 100% Georgia income tax credit, capped at 75% of Georgia liability. Federally, the contribution is treated as an ordinary and necessary business expense under §162 rather than a §170 charitable deduction, per the safe harbor in Rev. Proc. 2019-12, § 3.02 (Dec 28, 2018):<sup>7</sup>

*"If a C corporation makes a payment to ... an organization described in section 170(c) and receives or expects to receive a tax credit that reduces a state or local tax imposed on the C corporation in return for such payment, the C corporation may treat such payment as meeting the requirements of an ordinary and necessary business expense for purposes of section 162(a) to the extent of the credit received or expected to be received."*

Practical effect: a C-corp client with \$200,000 of Georgia liability can contribute up to \$150,000 to GOAL, eliminate \$150,000 of Georgia tax dollar-for-dollar, and deduct the \$150,000 federally as a §162 business expense (~\$31,500 federal savings at 21%).

### 4. Federal §25F / ECCA — new in TY 2027

OBBBA (July 2025) created IRC § 25F, the Educational Choice for Children Act (ECCA) federal scholarship credit. Effective Jan 1, 2027, individuals may claim a dollar-for-dollar federal credit up to \$1,700 per taxpayer (statute caps "any taxpayer" at \$1,700; MFJ doubling pending Treasury guidance) for contributions to qualifying SGOs in a "Covered State." Georgia opted in Jan 20, 2026; GOAL expects federal SGO designation pending Georgia's SGO list submission to the IRS. Non-refundable, with a 5-year FIFO federal carryforward. Under §25F(b)(2), the federal credit is reduced by the state credit allowed for the same contribution — a reduction mechanic, not a blanket prohibition.<sup>5,6</sup>

#### HOW TO PARTICIPATE — TIMELINE FOR 2027 CONTRIBUTIONS

Step 1 — Before Dec 31, 2026: Client submits the 2027 pre-approval application at [goalscholarship.org](https://goalscholarship.org) (filing status, contribution amount, PTE election if applicable).

Step 2 — January 2, 2027: GOAL submits applications to GA DOR at 12:01 AM. DOR pre-approves first-come; the \$150M cap typically fills the same day, often pro-rating.

Step 3 — Within 60 days of DOR approval: Client funds the approved contribution amount to GOAL.

Step 4 — Tax filing: GOAL issues Form IT-QEE-SSO1. CPA attaches it to the GA return and claims the credit on Form IT-QEE-TP2 (individuals) or the applicable entity return. Individuals carry forward unused GA credit 3 years; C-corps, trusts, and electing PTEs receive no GA carryforward.

### Questions from CPAs

The MBCA GOAL Assistance Committee — parent and alumni-parent CPAs from the MBCA community — takes peer calls on structuring, particularly HB 149 + GOAL and §25F coordination. Reach the committee at [scheduler@mtbethelchristian.net](mailto:scheduler@mtbethelchristian.net). Members participate in personal capacities and do not represent their firms; this brief is informational, not tax advice.

#### Sources

<sup>1</sup> HB 328 (AP), GA General Assembly — [legis.ga.gov/HB328](https://legis.ga.gov/HB328)

<sup>2</sup> "Kemp signs law increasing tax credits," Capitol Beat News, May 12, 2026 — [capitol-beat.org](https://capitol-beat.org)

<sup>3</sup> "Georgia HB 149 — Summary of Key Provisions," GOAL — [goalscholarship.org/HB149](https://goalscholarship.org/HB149)

<sup>4</sup> IRS Notice 2020-75 (Nov 9, 2020), PTE SALT Deductibility — [irs.gov/n-20-75](https://irs.gov/n-20-75)

<sup>5</sup> "Federal Tax Credit for Scholarships (§25F / ECCA)," EdChoice — [edchoice.org](https://edchoice.org)

<sup>6</sup> "Federal Tax Credit," Georgia GOAL Scholarship Program — [goalscholarship.org/federal](https://goalscholarship.org/federal)

<sup>7</sup> Rev. Proc. 2019-12, § 3.02 (Dec 28, 2018), C-corp §162 Safe Harbor — [irs.gov/rp-2019-12](https://irs.gov/rp-2019-12)