

Frequently Asked Questions

Can I really redirect up to half of my Alabama income tax (corporate or personal) to scholarships that support Catholic education in the Diocese of Birmingham?

Yes. And it is now more critical than ever since previous Scholarship Granting Organizations (SGOs) are no longer providing scholarships to hundreds of families in the Diocese of Birmingham Catholic schools. This may mean the loss of student enrollment and could force the closure of some Catholic Schools. It is important to note you cannot designate your tax credit donation to a certain school. But you can be certain that your donation will be going to a student attending a school in Diocese.

What do you mean “it doesn’t cost anything to donate”?

Tax credit donations allow a donor to give a portion of their existing tax liability to an SGO like C². So instead of sending 100% of a tax liability to the Alabama Department of Revenue (ADOR), contributors can send up to 50% to directly fund scholarships and send the remainder to the ADOR. **If I owe \$30,000 in Alabama corporate income taxes, can I really send \$15,000 of it directly to scholarships to be used in Catholic Schools?** Yes. Alabama allows up to \$30 million of tax liability to be redirected directly to fund scholarships for income-eligible students.

Is this new?

Yes and no. Alabama tax credit scholarships are not new. But clarifications for certain type of businesses called pass-through entities can now reduce their federal tax bill. C² Opportunity Scholarships was created last year to specifically grant scholarships to students attending Catholic schools in the Diocese.

Does my CPA or tax advisor know how to help me take advantage of a donation?

Yes. If your CPA or tax advisor has any questions about the new changes or how to make a reservation on your behalf, please have them reach out to us. And some pass-through-entities can take an additional federal tax deduction based on the donation as well.

Why is it urgent to reserve my tax credits and donate before April 1?

- The first is that it allows our Catholic students and schools to plan for the next school year know that funds will be available for scholarships.
- The second reason is that if you believe in Catholic education and want to support scholarships in Catholic schools and reserving your credits now means you can guarantee those credits go to Catholic education. *Quarterly taxpayers can reduce their April 15 estimated quarterly tax payment by the amount that they donate to C² Opportunity Scholarships.*
- Third Last and maybe most urgent, there are students currently on scholarship that have just found out their scholarships won't be renewed by other organizations. This would be a devastating loss for the students and the schools. Please help us fund the students that another SGO has chosen not to renew.

What is C² Opportunity Scholarship Fund?

C² Opportunity Scholarships was established in 2018 to serve students who wish to attend schools in the Diocese of Birmingham. It provides scholarships to income-eligible K-12 children. We believe that children should have every opportunity to succeed. Our fully accredited Catholic schools offer an excellent education and are ready to meet the needs of these students, preparing them for a lifelong journey of faith and learning that they might not find elsewhere.

Who benefits?

Income-eligible students whose families want to choose Catholic education but otherwise could not afford it benefit, and our parishes benefit from the positive Christ-focused impact that our strong parish schools provides.

What is the maximum amount that C² Opportunity Scholarships can raise for scholarships to go to the schools in our diocese?

Each year the Alabama Department of Revenue allocates \$30 million in tax credits. These are available on a first-come, first-served basis, so if you want to support Catholic education in the Diocese of Birmingham, this is a great way. Head to www.myalabamataxes.gov to make a reservation to donate up to 50% of you Alabama tax-liability to C² Opportunity Scholarships or contact your tax professional.

Who do I contact for more information?

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Can I redirect my tax liability myself or do I have to have a CPA?

Visit our website at www.CSquaredScholarships.org for step by step instructions if you want to make the reservation yourself through the Department of Revenue self-service site. Once your check is received, we will verify your donation with the ADOR and send you a donation receipt. The ADOR will send you a receipt for your tax credit.

"C" Corporations can offset up to 50% of the corporation's Alabama income tax liability.

Individuals can donate up to 50% of their Alabama income tax liability capped at \$50,000 in tax credits.

Pass Through Entities ("S" Corporations, partnerships, and LLCs) can donate up to 50% of their Alabama income tax liability and may be able to claim as a business expense for federal benefit as well.

Donation payments can be made quarterly to offset quarterly estimated tax payments.

Consult your tax professional regarding specific guidance and updates.

Visit us online at
CSquaredScholarships.org

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