



DONOR GUIDE

When Do I Give? When Do I Get the Tax Benefit?

A simple timeline to help donors understand the cash-flow mechanics of the Federal Scholarship Tax Credit. This guide is educational only; donors should speak with their own tax advisors.



\$1,700 The donor cash-flow idea

Make a qualified contribution in the tax year. Receive required SGO documentation. Claim the federal credit when filing that year's federal tax return, subject to tax liability, final rules, and advisor guidance.

1 Give

Make a qualified cash contribution to an approved SGO in a participating state.

2 Document

Receive donor documentation required for the FSTC, subject to IRS/Treasury rules.

3 File

Claim the credit on the donor's federal income tax return for that tax year.

4 Benefit

Credit may reduce federal tax owed dollar-for-dollar, subject to nonrefundable rules and tax liability.

Key timing point

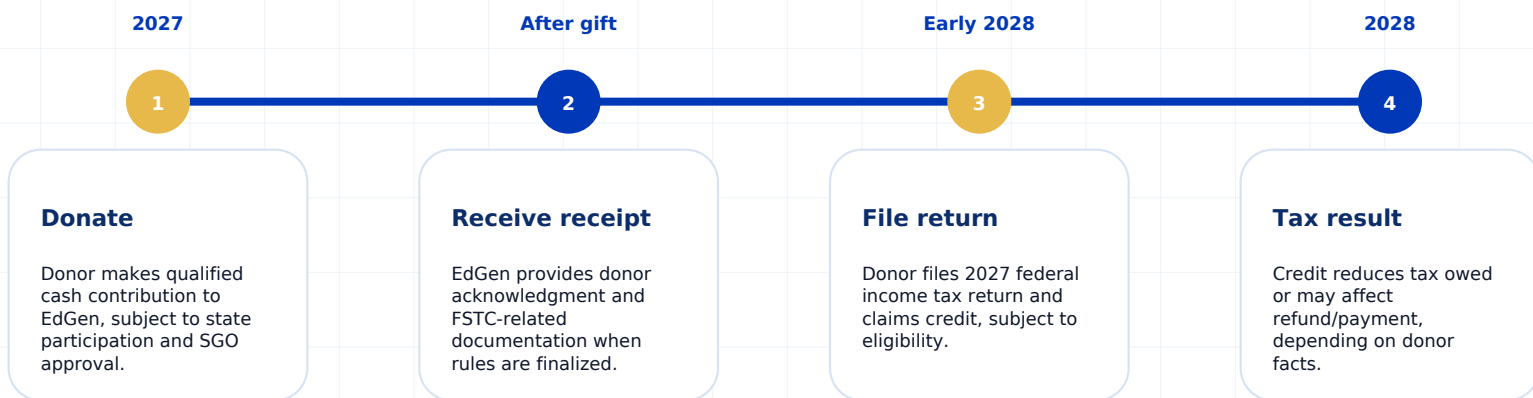
For contributions made beginning January 1, 2027, the tax benefit generally becomes part of the donor's federal income tax filing for that tax year. Donors should ask their tax advisors whether withholding or estimated tax planning is appropriate for their own situation.



ILLUSTRATIVE TIMELINE

A Typical Donor Year

This example assumes a contribution is made during 2027 and the donor files a 2027 federal income tax return in 2028. Actual timing may vary based on filing status, withholding, estimated tax payments, extensions, processing, and final IRS/Treasury guidance.



Month-by-month view

- Before donating** Confirm state participation, tax liability, and advisor guidance.
- At donation** Give by the SGO deadline and keep confirmation records.
- After donation** Watch for official SGO acknowledgment and credit documentation.
- Before filing** Give documents to CPA or tax preparer and confirm credit treatment.
- At filing** Claim the credit on the tax return as allowed by final IRS forms and instructions.



PRACTICAL PLANNING

Three Donor Cash-Flow Scenarios

The FSTC may feel simple, but donors experience it differently depending on withholding, estimated payments, tax liability, refundable credits, and filing patterns. These examples are educational only.

1

W-2 employee with withholding

The donor gives during the year. When filing, the credit may reduce final federal tax owed, potentially increasing refund or reducing balance due.

2

Business owner or estimated-tax payer

The donor may ask a tax advisor whether estimated tax payments should be adjusted. EdGen should not provide individual tax planning.

3

Donor with limited federal tax liability

Because the credit is expected to be nonrefundable, the donor may not use the full credit in the current year. Carryforward treatment depends on final rules and tax facts.

Action item: Ask your tax advisor how the FSTC interacts with your tax liability, child tax credit, withholding, estimated payments, and carryforwards.

Questions to ask your CPA before donating

- Do I expect enough federal income tax liability to use the credit?
- How should I think about withholding or estimated payments?
- Could unused credit carry forward, and for how long?
- What records should I keep with my tax file?



BEFORE YOU GIVE

Donor Cash-Flow Readiness Checklist

Use this checklist to prepare for a smooth donor experience. This is not a substitute for tax advice or official IRS forms and instructions.



Confirm state participation

The state connected to the contribution must participate and list the SGO according to federal requirements.



Plan cash timing

Know when funds leave your account and when the tax benefit may appear through filing.



Confirm EdGen status

Make sure EdGen is approved/listed before making a live FSTC contribution.



Save documentation

Keep receipts, acknowledgments, SGO documentation, and advisor notes.



Estimate tax liability

Ask whether your federal tax liability supports using the intended credit.



Avoid student earmarking

Donors may not earmark or set aside gifts for a particular student.



Review filing status

Understand individual vs. married filing jointly treatment once final rules clarify implementation.



Watch for updates

Final IRS/Treasury guidance and state rules may change operational details.

Bottom line

The FSTC can make giving to scholarships more accessible, but donors still need practical cash-flow planning. Give, document, file, and claim the credit only as allowed by law and final IRS/Treasury guidance.