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My children went to St. John the Evangelist Catholic School and Our Lady of Mercy Catholic High School and received a quality education. The GRACE program allows me to give back. I encourage businesses to participate in the GRACE program to give children in their community the opportunity and choice to get a quality Catholic education.

Tax Credit Opportunities for Pass-Through Entities & Corporations

Tax Filing Status	Tax Credit Limit
Pass-Through Owner (not making HB 149 election)*	\$25,000 (if the owner would pay this amount in Georgia income tax as a result of their pass-through ownership)
Pass-Through electing to pay tax at the entity level (HB 149) – treated as a C-corporation	75% of annual tax liability

*Pass-through income required to support a \$25,000 tax credit is \$455,373 (\$25,000 divided by .0549 = \$455,373). Keep in mind that income from the pass-throughs can include both profits (K-1) and wages (W-2) income. Pass-through income required to support a \$10,000 tax credit is \$182,149.

* The 2024 tax credit cap is \$120 million per year.

Tax Filing Status	Tax Credit Limit
C Corp, Trust or Pass-Through electing to pay tax at the entity level (HB 149)	75% of annual tax liability

What is the maximum tax credit available?

For pass-through entities not making the HB 149 election, the tax credit limit is \$25,000 if the owner would pay that much in Georgia income tax as a result of their pass-through ownership. There is a 100 percent state income tax credit for the pass-through owner. There is the opportunity for a federal business expense deduction if the payment qualifies as an ordinary and necessary business expense for the pass-through business. (If payment is made with the reasonable expectation of financial return for the business which means for use in projects that improve conditions in the state such as improving educational access and outcomes.) The business expense deduction reduces the taxable net income of the pass-through business owner at the federal level, resulting in federal tax savings.

For pass-through entities making the entity election, the tax credit limit is at the same generous amount as C-Corporations. The limit is an amount up to 75 percent of the entity's annual Georgia income tax liability. Again, there is a 100 percent state income tax credit for the electing pass-through entity. There is also a federal business expense deduction. Additionally, the electing pass-through entity will not be required to claim any business purpose for the payment besides satisfying the entity's Georgia tax liability.

GRACE Scholars does not advise on any personal income tax requirements or issues. **Please consult with your tax advisor.**



Questions?
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Registration for the 2024
tax credit opens July 1, 2023. Register early!