Tax Credits for Contributions to Scholarship Organizations – Responsibilities of the Business Entity, the SGO, the CPA and the Division of Taxation

The following steps must be followed in order to ensure the certificate process. Credit under this program will not be allowed on your tax filing unless the original certificate is attached to your return. An original certificate can only be issued upon completion of these steps. Please read these detailed instructions carefully.

Application forms and additional information on this program can be found on the Division of Taxation's website. Visit https://tax.ri.gov/tax-sections/credits/scholarship-credit for this information.

Business Entity Responsibilities

Application

- **Business Entity Information: Enter** all the requested information. If you have a different address you wish to use to receive Taxation correspondence, enter that address in the mailing address area. Please put the name of a contact person from the business entity in this section. Use the additional contact section below for an accountant's or other representative's name.

- **Additional Contact Information:** Complete this section only if wish to have someone else, for example, your accountant, bookkeeper, or a representative from one of the scholarship organizations, contact the Division of Taxation regarding your application. Due to confidentiality reasons, the Division of Taxation cannot give any information on your application to a third party without your authorization. Completing this section authorizes the Division of Taxation to speak to someone inquiring on your behalf.

- **Contribution Information:** Enter the name(s) of the Qualified Scholarship Organization to which you would like to make your contribution. Also, enter the amount per year you wish to contribute and whether you wish to make a contribution for one or two years. If all conditions are met, a one-year commitment results in a 75% credit, while a two-year commitment results in a 90% credit.

- **Tax Information:** Check off the applicable tax against which you will be using your credit.

- **Entity Member Information:** Complete this section only if your credit will be used against personal income taxes. Certificates will be issued in accordance with the listing provided with your application.

- **Optional Waiver:** Complete this waiver to allow the Scholarship Organizations qualified under this chapter to request from the Division of Taxation, your entity name, contribution amount and approval date. This information is intended to aid the Scholarship Organizations with their scholarship planning, but once the Division of Taxation releases this information, it will have no control over further release of this information.

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Business Entity Responsibilities (continued)

Approval Process

- Submit your application to the Division of Taxation beginning on July 1, 2026. Any application received prior to July 1, 2026, will be returned to the applicant.

- If your business entity is a pass-through entity and the credit will be used against personal income tax filings, please complete the worksheet on page 2 of the application. On the worksheet list all members, their complete social security numbers, and their applicable credit percentages and/or credit amounts.

- Within thirty (30) days of submittal, you will receive an approval or denial letter from the Division of Taxation.

- Upon approval, **you have one hundred twenty (120) days from the date of your approval letter to make your contribution** to the scholarship organization(s) designated in your application. This date will be included in your letter. If you are unsure of what the date is, please refer to the approval letter sent to you by the Division of Taxation or contact us at Tax.Credits@tax.ri.gov .

- Upon denial, you will receive a letter stating the reason for the denial of your application.

Making your Contribution

- Upon receiving a letter approving its application**, the entity has one hundred twenty (120) days from the date of the approval letter to make its contribution**. Refer to your letter for the date by which your contribution must be made.

- The contribution **must** be made by the approved entity, **not by** any of the individual members and **not by** a related entity.

- The contribution should be sent directly to your intended scholarship organization(s). The contribution must be made to the scholarship organization(s) and not to an individual school or student.

- Your contribution **MUST** be made to your intended scholarship organization(s) **within one hundred twenty (120) days of the date of the approval letter** sent to you by the Division of Taxation. If you do not know when that date is, you can refer to your approval letter or you can contact the Division of Taxation at Tax.Credits@tax.ri.gov .

- Failure to make your contribution timely within the statutory requirements will result in the Division of Taxation not issuing the tax credit certificate related to the untimely contribution.

Entities approved for a two-year contribution commitment

- If you are approved for a two-year contribution, you must contribute at least eighty percent (80%) of the first-year contribution for your second-year contribution. Otherwise, the credit for both the first- and second-year contributions shall be equal to seventy-five percent (75%) of each year's contribution. In such cases, the tax administrator shall prepare the tax credit

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Business Entity Responsibilities (continued)

certificate for the second year at seventy-five percent (75%). The difference in credit allowable for the first year [90% – 75% = 15% x first year contribution] shall be recaptured by adding it to the taxpayer's tax in that year.

- Your second-year contribution **MUST** be made by the same date in the subsequent calendar year as the due date of your initial contribution.

  For example, if your first-year contribution was due on November 22, 2026, your second-year contribution is due by November 22, 2027. If you make your first-year contribution on October 1, 2026, your second-year contribution is due by November 22, 2027, not by October 1, 2027.

  NOTE: Do not make both year's contributions at the same time, as your entity (if it is an approved entity) is only approved for the annual amount of credit applied for on your application or the amount noted in your approval letter, whichever is less.

  An application period beginning on July 1, 2026 covers the fiscal year of July 1, 2026 – June 30, 2027, and in the case of a two-year contribution, July 1, 2027 – June 30, 2028.

  A contribution for year 1 must be made by the date provided to you by the Division of Taxation that falls within the first fiscal year [in the above example, this date would be November 22, 2026]. A contribution for year 2 must be made by that same date in the subsequent year that falls within the second fiscal year [in the above example, this date would be November 22, 2027].

If you are unable to make your Contribution

- If you have been approved to make either a one-year or two-year contribution and are unable to make your required contribution(s), please notify the Division of Taxation as soon as possible.
- Notifying the Division of Taxation, in most cases, allows us to offer the credits to an applicant that was not approved so that a contribution can still be made to one of the approved scholarship organizations (SGOs).

Certification Process

- Once you make your contribution, you must apply to the Division of Taxation for your tax credit certificate(s).
- Be sure to request your tax credit certificate in time to be included with your tax filing.
- You must submit certification from an independent Rhode Island certified public accountant that the cash contribution has been made to the scholarship organization(s) designated in your application and that the contribution was made timely.

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Business Entity Responsibilities (continued)

The certification **must** include the following information:

- ❖ The date of the contribution.
- ❖ The amount of the contribution.
- ❖ The recipient of the contribution.
- ❖ The date of the approval letter.
- ❖ Certification the payment was made within 120 days of the date of the approval letter.
- ❖ The certification must be accompanied by a copy of the cancelled check (front & back).

- ➢ The independent Rhode Island certified public accountant must be licensed in accordance with RIGL 5-3.1 and cannot be affiliated in any way with your business, the scholarship organization, or this scholarship program. An entity cannot certify its own contribution, nor can an employee of the entity do so.

- ➢ This CPA certification must be sent to the attention of the **Forms, Credits & Incentives Section**.

Use of credit certificate on tax filing

- ➢ You must attach the original certificate to the tax return on which you are claiming the credit.

- ➢ If you file your tax return electronically, the original certificate must be sent to the attention of the Forms, Credits & Incentives Section in order to receive credit. Filing electronically does not eliminate the requirement of submitting the original certificate.

- ➢ Certificate copies and/or copies of your application approval letter cannot be accepted in place of the original certificate.

- ➢ Credit under this program can only be used in the year in which the contribution was made.

- ➢ Unused credit amounts cannot be carried forward for use on future tax returns.

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SGO's Responsibilities

Certification Process

On the day a contribution is received, the scholarship organization shall forward the following items to the Division of Taxation via fax at (401) 574-8957 or email at Tax.Credits@tax.ri.gov .

- A copy of the check received.
- A copy of the envelope in which the contribution came date stamped when received.
- A letter of receipt addressed to the attention of the **Forms, Credits & Incentives Section.**

  The letter of receipt **must** include the following information:
  - The name of the scholarship organization.
  - The name of the entity making the donation.
  - The actual name on the check.
  - The amount of the contribution.
  - The date the contribution was received (not the check date).
  - The date on the check.

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CPA's Responsibilities

Certification Process

The following is to be provided by the independent Rhode Island certified public accountant who is certifying the contribution made by an approved entity to a qualified scholarship organization.

- A copy of the front and back of the canceled check.

- Certification that the cash contribution has been made to the scholarship organization(s) designated in the approved entity's application and that the contribution was made timely.

  The certification **must** include the following information:
  a. The name of the entity making the contribution
  b. The recipient of the contribution.
  c. The date of the contribution.
  d. The amount of the contribution.
  e. The date of the Division of Taxation's approval letter.
  f. The actual date of the 120th day.
  g. Certification the payment was made within 120 days of the date of the approval letter.

- You should be an independent Rhode Island certified public accountant licensed in accordance with RIGL 5-3.1 and cannot be affiliated in any way with the business, the scholarship organization, or this scholarship program. An entity cannot certify its own contribution, nor can an employee of the entity do so.

- This CPA certification must be sent to the attention of the **Forms, Credits & Incentives Section**.

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Division of Taxation's Responsibilities

Approval Process

- Within thirty (30) days of receipt of an application, the Division of Taxation will either approve or deny the application and send a letter with the determination to the business entity.

- A tracking system will be maintained on the Division of Taxation's website to report the amount of credit approved and the amount of credit still available for applicants.

- If the amount of credit applied for, along with the amount of any previously approved credit for second-year commitments from the prior fiscal year, exceeds the $1,600,000 fiscal year cap, a drawing will be held to determine the order of approval for applicants.

- If a drawing is to be held, all applicants in question will be notified in advance of the date of the drawing along with an entity specific drawing number. To preserve confidentiality, no business entity names will be used during the drawing. Drawing results will be posted on the Tax Division's website.

Certification Process

- Upon receipt of 1) the independent Rhode Island certified public accountant's certification issued in accordance with the instructions detailed previously, and 2) the SGO's letter of receipt of the contribution issued in accordance with the instructions detailed previously, the Division of Taxation will be able to issue the business entity's certificate(s).

- Certificate(s) will be issued according to the business entity's application.

- If multiple members are receiving credit, each member will receive his/her own certificate bearing their name, masked social security number, credit amount and tax year in which the certificate can be used.

- If a business entity made a contribution to more than one of the scholarship organizations, the entity or its members will receive a certificate for each scholarship organization.

- All certificates will be mailed to the mailing address on the business entity's application. If the certificates are to be mailed to an address other than that listed on the business entity's application (accountant's address, etc.), we must receive written authorization from the person who signed the initial application.

If you have any questions regarding this process, please contact Tax.Credits@tax.ri.gov .

Sincerely,
Donna Dube
Chief Revenue Agent
Forms, Credits & Incentives Section
Email: Tax.Credits@tax.ri.gov

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