Catholic Education Foundation

FEDERAL SCHOLARSHIP TAX CREDIT PROGRAM

IRC §25F | PROFESSIONAL ADVISOR FACT SHEET | 2027

Updated October 6, 2026

Beginning January 1, 2027, eligible individual taxpayers may claim a nonrefundable federal income tax credit for qualifying cash contributions to an approved Scholarship Granting Organization ("SGO"). The Foundation is awaiting approval to serve as an SGO.

AT A GLANCE

- **$1,700** maximum annual dollar-for-dollar federal tax credit per individual taxpayer.
- **$3,400** combined tax credit for married couples filing jointly.
- **Cash only.** Non-cash contributions will not qualify for the tax credit.
- **Nonrefundable.** Proposed regulations allow any unused credit to carry forward up to five years.
- **Eligible SGO required.** Qualified contributions must be made to an approved SGO.

HOW A CLIENT PARTICIPATES

1. Confirm the SGO is included on the applicable 2027 state/IRS qualifying list.
2. Make a qualifying cash contribution on or after January 1, 2027.
3. Retain the SGO acknowledgment and claim the tax credit on your 2027 federal return.

PLANNING NOTES FOR ADVISORS

- The tax credit generally equals the qualified contribution, subject to the annual limit.
- Any contribution amount for which a §25F credit is allowed cannot also be deducted as a charitable contribution under §170.
- Taxpayers may contribute to an eligible SGO regardless of their state of residence.
- Taxpayers, states and SGOs may rely on the proposed regulations for qualified contributions beginning January 1, 2027.

ABOUT THE FOUNDATION

The Catholic Education Foundation of Louisville promotes the growth and vitality of Catholic education in the Archdiocese of Louisville.

LOCAL IMPACT

For 2026-27, the Foundation and its partners awarded a record $9.0 million in elementary tuition assistance to an all-time high 3,775 students across 39 Catholic elementary schools in the Archdiocese of Louisville.

SGO STATUS

The Foundation is awaiting approval to serve as an SGO.

LEARN MORE / CONTACT

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ADVISOR TAKEAWAY: Include the Federal Scholarship Tax Credit in 2027 tax and charitable planning conversations.

General information only; not tax or legal advice. Federal guidance may be amended or supplemented. Advisors and taxpayers should consult current IRS/Treasury guidance and applicable state rules before acting.

CURRENT OFFICIAL GUIDANCE

IRS FSTC: https://www.irs.gov/government-entities/federal-state-local-governments/federal-scholarship-tax-credit-fstc
IRS Oct. 1, 2026 guidance: https://www.irs.gov/newsroom/the-trump-administration-advances-the-establishment-of-americas-first-nationwide-school-choice-program
Kentucky: https://www.sos.ky.gov/bus/Pages/Federal-Scholarship-Tax-Credit-Program.aspx