



Q: [What is the benefit of contributing to the ALEF Fund?](#)

A: Georgia taxpayers receive a State of Georgia Income Tax Credit equal to the amount contributed to ALEF Fund. There is virtually no cost, and in some cases the taxpayer can reduce his or her net federal and state income taxes.

Georgia taxpayers can redirect taxes up to the following amounts:

Married	\$2,500
Single	\$1,000
Married filing separately	\$1,250
Members of single or multi-member LLC's, Partners in Partnerships, and Shareholders in S-corporations	\$10,000
Trusts and Estates can offset up to 75% of their State income tax	
Corporations can offset up to 75% of their State income tax	

Please note the following with respect to the \$10,000 limit:

If the individual taxpayer is a member, partner, or shareholder in more than one pass through entity, the total credit allowed cannot exceed \$10,000;

The individual taxpayer decides which pass through entities to include when computing Georgia income for purposes of the qualified education expense credit. You can include those with income and exclude those with losses.

All Georgia income, loss, and expense from the taxpayer selected pass-through entities will be combined to determine Georgia income for purposes of the qualified education expense credit. Such combined Georgia income shall be multiplied by 6% to determine the tax that was actually paid.

If the taxpayer is filing a joint return, the taxpayer's spouse may also claim a credit for their ownership interests and shall separately be eligible for a credit resulting in a married couple filing jointly to contribute up to \$20,000. The applications must be submitted separately.

If the taxpayer(s) chooses to be preapproved under this option, they are not allowed the additional amounts normally allowed an individual.

If the taxpayer is preapproved for an amount that exceeds the amount that is calculated as allowed when the return is filed, the excess amount cannot be claimed by the taxpayer and cannot be carried forward.

The new limit will be reduced by any amounts previously approved.

Q: Which income can be included in the computation?

A: *Income from the following sources is included in the computation:*

You are self-employed and file a Schedule C with your personal tax return

If the entity is legally formed as an LLC, then 100% of the earnings from this entity are included in the computation.

Q: If income is reported as a sole proprietor on IRS Form Schedule C, can this income be included in the computation?

A: Only if the entity is legally organized as an LLC. You may consider establishing a Georgia LLC effective January 1 so this income can be included.

Q: What income can be considered in the computation for LLC, Partnerships, or S Corporations?

A: All types of income items passed through to you on your K-1 **PLUS** other sources of income from the entity, such as wages.

Q: If I am a shareholder in an S Corporation what income can be considered in the computation?

A: All types of income items passed through to you on your K-1 **PLUS** other sources of income from the entity, such as **wages**.

Q: If I own an interest in multiple entities and some have losses and some have income, do I have to include all the entities?

A: No, you can pick and choose which entities to include in the calculation when you apply for the credit. Which entities you actually include are determined when you file your actual income tax return. You can choose the entity/entities which have profits, and exclude those with losses in the computation.

Q: What if I have tax credits in excess of what I need for my upcoming tax return?

A: The individual credit limit of \$1,000/\$1,250/\$2,500 annually can be carried forward for five years.

The flow-throw credit taking into consideration income from LLC's, Partnerships, and S Corporations must be used in the current year, **the State does not allow you to carry this credit forward to future years.**

Q: What State of Georgia Form is used to report and compute this credit when I file my tax return?

A: IT-QEE-TP2

Q: How do I know if I pay AMT?

A: The AMT shows up on Line 45 on Page 2 of your 1040 tax return; if you are paying AMT, the amount will be reflected on this line.

Q: How can participating in ALEF Fund reduce my Federal AMT?

A: Since State tax payments are deducted as Itemized Deductions on IRS Form Schedule A and Charitable contributions are also deducted as Itemized Deductions on IRS Form Schedule A, there is not impact to total Itemized Deductions and Taxable Income. Thus, Federal Taxable Income and Tax remain unchanged.

When the AMT is computed on IRS Form 6251, the computation includes an add-back for State tax payments. With less State tax payments, AMT will be less.

If you pay at least \$3,500 in AMT, and you shift \$10,000 in State tax payments to ALEF Fund, then your AMT could be \$2,500-\$3,500 less.

Since ALEF Fund contribution is used as a Credit against State of Georgia income tax, it cannot also be used as an itemized deduction on your Georgia income tax return. The result is higher Georgia tax of \$10,000 times 6% = \$600. **Thus with an AMT savings of \$3,500, less the Georgia tax cost of \$600, yields a \$2,900 savings for a \$10,000 contribution to the Alef Fund, or 29%.**

Q: Which school scholarship fund benefits from my contribution?

A: You can designate your contribution to one or more schools scholarship funds. You can also designate some or all of your contribution to the Undesignated Scholarship Pool.

Q: Can I designate some or all of my contribution to a school represented by another SSO?

A: Yes, just let us know. We will make sure your contribution gets where you want it to go.

Q: How do state tax credit limits affect me?

A: The state wide limit for the Qualified Expense Tax Credit is \$58 Million. These tax credits are approved on a first come, first served basis. In 2014, the credit cap was reached on January 22, 2014.

Q: When do I need to act in order to help Jewish education for 2016?

A: We are currently accepting the coming year tax credit applications. We accept online tax credit applications through mid-December. We will file these with the state Department of Revenue on the first business day of the new year. After we close the website in mid-December, we will accept applications by phone. Please contact the ALEF Fund manager at 678-222-3739.

Q: When do I need to fund my obligation?

A: Once the paperwork is filed with the State in January, the State has 30 days to approve your application and will mail you a letter of approval.

You then have 60 days after the date of approval to fund your contribution.

You may pay by check, made out to 'ALEF Fund, Inc.' or by credit card at www.aleffund.org

Q: Does ALEF Fund charge me credit card fees or take the fees out of my contribution to the schools?

A: ALEF Fund absorbs credit card fees- we do not charge you or the schools for using your credit card.

Q: I want to be part of ALEF Fund, what is next?

A: Visit www.aleffund.org to electronically complete your 2016 ALEF Fund forms OR contact ALEF Fund Manager at info@aleffund.org or call 678.222.3739.

The ALEF Fund, 1440 Spring St. NW, Atlanta, GA 30309

Fax: 678.495.9927

E-mail: info@aleffund.org

If you have any tax questions, please your tax advisor or you may contact Mitchell Kopelman, CPA, and ALEF Fund Chair. Contact Mitchell at Habif, Arogeti and Wynne, LLP at mitchell.kopelman@hawcpa.com.