



The IRS is planning to release draft regulations in early 2026. Here are the top-line items the IRS is requesting comment on as they draft the regulations:

- **The Amount –**
 - **What the IRS is Planning:** It's not clear whether the IRS plans to make the limit \$1,700 for two taxpayers filing jointly or whether it will be doubled to \$3,400. The IRS did not ask for comment on this topic – but we will be making a suggestion on this crucial topic nonetheless.
 - **What we are Proposing:** That the IRS consider two taxpayers filing jointly as two separate “taxpayers” – which is the simplest reading of the law.
- **The Opt In Process –**
 - **What the IRS is Planning:** States will only be allowed to determine which SGOs meet the federal requirements – they will not be allowed to add preconditions of their own onto SGOs (e.g. that an SGO can only serve public school students).
 - **What we are Proposing:** That when opting in, states must report to the IRS every SGO that applied to be on their list, and if any SGOs were denied, the specific reason they were denied, with a chance for the SGO to appeal their case to the IRS if they disagree.
- **SGOs in Multiple States –**
 - **What the IRS is Planning:** One SGO will probably be able to operate in multiple states, but it will need to be separately certified by each state that it meets the federal requirements. Also, donors will need to specify which state they want their donation to go to, when donating to a multi-state SGO.
 - **What we are Proposing:** That SGOs should be allowed to operate in multiple states, and an SGO that already participates in a state tax credit program simply needs to maintain separate accounts and books so that all the money is tracked separately.
- **“90% of SGO Income Must Spent on Scholarships” Rule**
 - **What the IRS is Planning:** Not clear. They want input on how to interpret this requirement.
 - **What we are Proposing:** That only income from federally-tax-credited donations should count as “income” for this purpose – and only 90% of that needs to be spent on scholarships. Thus, an SGO could have other sources of income that get accounted for separately.

Please email information@teachcoalition.org with comments, questions, or concerns before December 26th.