

Itasca Orchestra and Strings Program Tuition Tax Credit Loan Program

Itasca Orchestra and Strings Program (IOSP) fees for lessons and instrument rental qualify for the Minnesota K-12 tax credit. This credit allows the State of Minnesota to reimburse 75% of the education costs for a tax year. For example, if a family qualifies for the credit and has \$595 in qualifying educational expenses, the State will reimburse that family \$446.25. The maximum a family may claim is \$2000.

Families qualify for this tax credit if household income is \$37, 500 or less for a family with one or two children. The amount increases from \$37,500 by \$2000 with each additional child after two.

IOSP has its own budgeted account at the Grand Rapids Area Community Foundation (GRACF) to lend money to families to cover K-12 education expenses. Families may receive a loan to cover fees. When families file for an education tax credit at tax time, their refund is increased and the loan is paid back to GRACF from the refund.

Let's look at one student example in detail:

- Through GRACF, IOSP loans \$446.25 to a family to cover lessons.
- At tax time the family files for a tax credit of \$446.25.
- The remaining program fee of \$148.75 is the responsibility of the student's parents.
- When the refund is mailed to the family, \$446.25 is deducted and sent to GRACF to reimburse IOSP.

How the IOSP walks you through the process:

1. In October, we will mail you Minnesota form M300 to fill out. This agrees to the loan.
2. After the Grand Rapids Area Community Foundation issues loan checks from the IOSP account, we will ask you to schedule a time to meet with Tara to have you endorse over to IOSP the check made out to you from GRACF to cover lesson fees and rentals if applicable.
3. In January, we send you form M1ED to file for credit at tax time.
4. When you receive your refund, the amount of the loan has been paid back to GRACF.

Important!!!! IOSP is not in position to answer questions regarding taxation. Please consult your tax advisor for assistance with your taxes.