

HERE'S WHAT YOU NEED TO KNOW

Oklahoma Tax Credits for Homeschoolers

Oklahoma's political leaders in 2023 enacted universal school choice, providing refundable tax credits for taxpayers who incur homeschool expenses or private-school tuition expenses. The Oklahoma Tax Commission (OTC) is charged with prescribing rules and requirements for this new tax-credit program.

Q1: I saw on the news that Oklahoma state lawmakers were debating "school choice" legislation this year. Did that pass?

Yes. Legislation creating the Oklahoma Parental Choice Tax Credit Program passed by a wide margin (36-10 in the state Senate and 61-31 in the state House) and was signed into law by Gov. Kevin Stitt on May 25, 2023.

Q2: Are homeschooled students eligible to participate?

Yes. The law says that any Oklahoma resident "who is eligible to enroll in a public school in this state" is eligible (but not required) to participate in this new tax-credit program. This includes children who are as young as age four on or before September 1.

Q3: How does it work?

A taxpayer will receive a state income-tax credit of up to $1,000 per child per year for qualified homeschool expenses. That taxpayer most commonly will be a biological or adoptive parent, but could also be a "grandparent, aunt, uncle, legal guardian, custodian, or other person with legal authority to act on behalf of an eligible student." (The taxpayer must make sure that no other person is claiming a credit for the same student.)

Q4: But what if I don't have that much state-income-tax liability?

You are still eligible. The reason is that this is a "refundable" tax credit: If the tax-credit amount exceeds your tax bill, the excess amount is "refunded" to you in the form of a debit card or a direct deposit.

Q5: What sorts of expenses are covered?

Qualified expenses include the following:

- tuition and fees for nonpublic online learning programs;
- academic tutoring services provided by an individual or a private academic tutoring facility;
- textbooks, curriculum, or other instructional materials including, but not limited to, supplemental materials or associated online instruction required by an education service provider; and
- fees for nationally standardized assessments including, but not limited to, assessments used to determine college admission and advanced placement examinations as well as tuition and fees for tutoring or preparatory courses for the assessments.

Q6: Does the program begin this fall?

No. The credit is available "for the tax year 2024 and subsequent tax years."

Q7: Okay then, starting in 2024 what do I need to do?

To claim the credit, when you file your 2024 tax return with the Oklahoma Tax Commission (OTC) you will submit your receipts for qualified expenses. Be sure to save a copy of your receipts, because the OTC has the authority to conduct an audit and to recapture any credit if the audit finds the credit was claimed for expenditures that were not qualified expenses.

Q8: What if I'm not sure if a particular expenditure is a "qualified expense"?

The answers to many questions (e.g., what is included in "other instructional materials"?) are still to be determined. The OTC is charged with prescribing rules and requirements for this new tax-credit program, and is currently doing so.

Q9: Are there any rules and regulations I need to know about?

The law says the State Board of Education may promulgate rules to ensure that a student who is claimed by a taxpayer receiving a tax credit is not enrolled in a public school. In addition, taxpayers claiming the credit must comply with the rules and requirements established by the OTC in its administration of the program.

Q10: Is there anything else I need to know?

Be aware that participation in the tax-credit program "shall have the same effect as a parental revocation of consent" pursuant to Individuals with Disabilities Education Act (IDEA). This means the local school district is no longer required to provide special-education services.

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