



TaxNewsFlash

Exempt Organizations

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Temporary and proposed regulations: Guidance on new individual tax credit under section 25F for gifts to scholarship granting organizations

The U.S. Treasury Department and IRS today released temporary and proposed regulations providing guidance under section 25F, enacted under the “One Big Beautiful Bill Act” (OBBBA), which provides a new individual tax credit of up to \$1,700 beginning January 1, 2027, for qualified contributions to scholarship granting organizations (SGOs) to fund qualified elementary and secondary education scholarships.

Temporary regulations

The [temporary regulations](#) (T.D. 10057) provide reporting and recordkeeping requirements for organizations that have been certified as SGOs by one or more participating States and requirements for elections that States must make to participate under section 25F.

Treasury and the IRS previously requested comments on the issues addressed in the temporary regulations in [Notice 2025-70](#), and the temporary regulations reflect the feedback received from stakeholders.

The temporary regulations are effective on the date that is 60 days after the date of publication in the Federal Register (scheduled to be October 2, 2026), apply on or after September 1, 2026, and expire on October 1, 2029.

Proposed regulations

The [proposed regulations](#) (REG-117199-25) provide detailed information regarding the provisions of section 25F, including requirements for an organization to qualify as an SGO, for a contribution to qualify as a “qualified contribution” eligible for a section 25F credit, and for a State to qualify as a “covered State” that participates under section 25F. For purposes of the \$1,700 limit on the scholarship credit, the proposed regulations would treat married taxpayers who elect to file a joint return as separate taxpayers.

The proposed regulations are proposed to apply to tax years ending on or after the date the regulations are finalized. However, taxpayers, organizations, and States may rely on the proposed regulations before that date, provided they follow the portions of the proposed regulations applicable to each in their entirety and in a consistent manner.

Comments on the proposed regulations, as well as requests to speak and outlines for topics to be discussed at the public hearing (scheduled for December 15, 2026, at 10:00 AM ET), are due by the date that is 60 days after publication of the proposed regulations in the Federal Register, which is scheduled to be October 2, 2026. If no outlines are received by that date, the public hearing will be cancelled.

Read a related IRS release—[IR-2026-117](#).

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