

As a tax payer, are you familiar with the Educational Improvement Tax Credit (EITC) - Special Purpose Entity (SPE) Program?

The Commonwealth of Pennsylvania, through its EITC—SPE program, provides eligible taxpayers an opportunity to support qualified educational institutions, like ECCSS, by designating Pennsylvania State tax dollars towards those schools' financial aid programs. In return, eligible investors can receive a 90% state tax credit on the amount of their donation.

WHO QUALIFIES FOR TAX CREDITS?

Any individual or any corporation who pays PA income tax is eligible. There are also options available to individuals who work for non-profits and retirees.

The minimum donation is \$3,500.

IF YOU QUALIFY, WILL YOU CONSIDER A SCHOLARSHIP DONATION FOR TAX CREDITS?

WE'D LIKE TO VISIT YOU WITH MORE INFORMATION IF A DONATION TO A STATE APPROVED SCHOLARSHIP FUND THAT BENEFITS ECCSS DIRECTLY IS A POSSIBILITY.



ELK COUNTY CATHOLIC

School System

EDUCATIONAL TAX CREDIT PROGRAM SPECIAL PURPOSE ENTITIES

STEP 1

Business or individuals become an accredited member of the SPE by completing a Joinder Agreement, indicating the amount of their capital contribution and designating a school to receive their contribution.

STEP 2

Department of Community & Economic Development (DCED) grants approval for participation to the SPE.

STEP 3

SPE notifies members of approval and requests capital contribution for the current tax year. All contributions must be made within 60 days of the approval.

STEP 4

Business/individuals make a capital contribution to the SPE.

STEP 5

SPE passes through all contributions to the Scholarship Organization (SO), and handles all paperwork with the DCED.

STEP 4

SO distributes funds to the member's designated private school(s).

STEP 5

In February of the following tax year, members receive tax filing documents:

- a. PA Department of Revenue form 1123 for the SPE – Verifies that the tax credit exists for the SPE and the member's personal portion has been transferred to their Tax ID or Social Security Number when filing PA State Income Tax Return
- b. Schedule K-1 – Indicates the members share in the SPE and used when filling Federal Income Tax Return
- c. The state of Pennsylvania begins processing EITC tax credits on July 1. Credit disbursements happen usually beginning mid-end of August.

EDUCATIONAL IMPROVEMENT TAX CREDIT (EITC)-Special Purpose Entity (SPE)

EXAMPLE BASED ON A \$3,500 SCHOLARSHIP WITH 90% TAX CREDIT (2 Year commitment)

You become an accredited member of the Central Pennsylvania Scholarship Fund, SPE, by completing a Joinder Agreement for ECCSS, indicating \$3,500 as your contribution and designating ECCSS as the recipient.

DCED grants approval for your participation to the SPE. The SPE notifies you to submit your \$3,500 contribution for the current tax year within 60 days of the approval, and you donate \$3,500 to the Central Pennsylvania Scholarship Fund designating ECCSS to benefit.

The Central Pennsylvania Scholarship fund acknowledges receipt of your contribution. sends you a receipt that you send to DCED for tax credit...90% for donations K through 12. You receive a minimum of \$900 tax credit on your \$1,000 gift to us. The STAR Foundation distributes to the schools the entire \$1,000 for scholarship.

\$3,500 scholarship

Tax Credit: \$3,150.00

YOUR COST: \$350.00

\$10,000 scholarship

Tax Credit: \$9,000.00

YOUR COST: \$1,000.00

NOTES:

- This example is based on participation for two years.
- Participation for one year earns a 75% deduction.