

A Guide for the Business Community

Q. What are Educational Improvement Tax Credits?

A. A tax credit for businesses that make donations to an educational improvement organization(s) (local education foundation) to supplement funding of programs the school district budget can no longer support.

Q. What businesses qualify?

A. Businesses authorized to do business in PA who are subject to one or more of the following taxes: Corporate Net Income Tax; Capital Stock Franchise Tax, Bank and Trust Company Shares Tax; Title Insurance Companies Shares Tax; Title Insurance Companies Shares Tax; Insurance Premiums Tax; or Mutual Thrift Institution Tax and the personal income tax of principals of a "pass through entity."

Q. How much of a tax credit can I get for my business?

A. The tax credit is a 75% credit (of the amount donated). However, if a company provides a written to-year commitment of equal funding, the credit becomes 90% (existing charitable deductions still apply with this credit, increasing the value of the tax credit). Eligible companies may take up to \$300,000 in tax credits per year.

Q. What organizations can businesses contribute to in order to receive the credit?

A. Organizations eligible to receive EITC contributions must be a recognized 501 (C)(3) and use 80% of their annual receipts on approved programs. Additionally, they must register with the Department of Community and Economic Development (DCED) to be listed and placed on a list of eligible organizations.

Q. How do businesses know which organizations are listed?

A. They should check the DCED Web site (www.newpa.cm/eitc). Search EITC and view the Educational Improvement Organization List.

Q. Can Businesses contribute to more than one organization?

A. Yes. Businesses can donate to as many eligible organizations as they choose.

Q. What is the process for businesses to receive the tax credit?

A. Businesses will apply to DCED for the tax credit. If the organization is listed with the department and there is money available in the program (there is \$75 million dollar annual cap on the program), tax credits will be awarded on a first come, first served basis. After approval, businesses must make their contributions within 60 days.

Contact your local education foundation or DCED directly:

Mr. Steve Kreamer - President, The Dutchmen Education Foundation at 717-867-7600