

Educational Improvement Tax Credit

Reduce your taxes. Reward your community.



COMMUNITY FOUNDATION
FOR THE ALLEGHENIES

SERVING BEDFORD, CAMBRIA, SOMERSET, AND INDIANA COUNTIES

What is EITC?

- * The Educational Improvement Tax Credit (EITC) has accomplished what many in Pennsylvania have been advocating for years: to get the business community more involved in education.
- * The EITC enables companies to support local non-profit charities, at a minimal cost, instead of sending their tax dollars to Harrisburg. It's that simple.

- * Enacted by the Pennsylvania Legislature in 2001, the EITC program authorizes tax credits for businesses that make contributions to educational improvement or scholarship organizations.
- * The EITC is administered by Pennsylvania's Department of Community and Economic Development.

- * EITC allows businesses to make charitable contributions based on the amount of Pennsylvania state taxes they pay. A business may receive a tax credit equal to 75% of its contribution to an eligible Educational Improvement Organization, like the Community Foundation for the Alleghenies, up to a maximum of \$750,000 per taxable year.
- * Tax credits may be increased to 90% of the contribution made, up to a maximum of \$750,000 per taxable year, if the business agrees to provide the same amount of contribution to an organization for two consecutive years.

**Why Should I
Participate in EITC?**

- * Businesses can reduce their tax liability by supporting organizations like the Community Foundation for the Alleghenies.
- * Specifically, businesses are able to reduce their actual tax bill - dollar for dollar - once a tax liability has been established.

- * For example, a \$100,000 donation generates a \$75,000 tax credit. This same donation can also be claimed as a donation on federal tax returns.
- * A net donation of \$100,000 each of two consecutive years is eligible for a 90% percent tax credit or, \$90,000 for each of the two years.

Am I Eligible?

Businesses authorized to do business in Pennsylvania who are subject to one or more of the following taxes are eligible to participate in the EITC Program:

- * Corporate Net Income Tax
- * Capital Stock Franchise Tax
- * Bank and Trust Company Shares Tax
- * Title Insurance Companies Shares Tax
- * Insurance Premiums Tax
- * Mutual Thrift Institution Tax
- * Insurance Company Law of 1921
- * Personal Income Tax of S corporation shareholders or Partnership partners

How Do I Apply?

- * Businesses who are reapplying to the EITC program (whether finished with or in the middle of their two-year commitment) must complete and submit the DCED's Single Application for Assistance by May 17.
- * Businesses that are **new** to the EITC program must apply by July 1.
- * The application, along with a step-by-step guide for businesses, is available online at the Pennsylvania Department of Community and Economic Development's website.
- * OR, just **[CLICK HERE](#)** to get started!



What Happens Next?

- * After submitting your application and indicating what amount you plan to contribute, the DCED will notify businesses that have been approved.
- * After receiving approval, businesses have 60 days to make the contribution to the Community Foundation for the Alleghenies.
- * Businesses must provide the DCED with a copy of the confirmation of contribution from the Educational Improvement Organization (i.e., CFA will provide a contribution receipt).

- *The DCED will communicate with the PA Department of Revenue and applicable tax credit is applied to the business tax account.
- *Credit is taken as a payment of taxes on annual business tax return filing.

How Are *My* Funds Used?

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When you send your funds to the Community Foundation, you CAN specify which school you would like the money to go.

EITC money can only be spent on an approved list of “innovative educational programs,” including:

- * Educator/Artist-in-Residence
- * PA Colleges Dual Enrollment Program
- * K-12 STEM Science Program
- * Robotics Competitions
- * Technology Students Association
- * After-School Computer Enrichment Program
- * Engineering is Elementary
- * No Child Left Inside
- * Computer Programming Enrichment Program