

EITC and Your Business

How your business can earn tax credits and support local education at the same time...

A win-win situation!

Educational Improvement Tax Credit Program

- What is EITC?
- How does it work?
- Why should your business participate?
- What is the process?
- 2008 EITC Status

What is EITC?

- In 2001, Pa. became the first state to pass a tax credit aimed at corporations and providing a way for the business community to be directly involved in education.
- It is a simple way of supporting education, at minimal or no cost, instead of sending tax dollars to Harrisburg.
- EITC provides tax credits ranging from 75% to 100% for donations to approved organizations.
- The program has been expanded four times. The current cap is \$75M statewide.
 - **\$44.7M for scholarship organizations**
 - **\$22.3 for educational improvement organizations**
 - **\$8M for pre-K organizations**

How Does EITC Work?

- EITC provides a tax credit against taxes owed for donations to a non-profit scholarship or educational improvement organization.
- The amount of tax credit is:
 - 75% for donations to a non-profit scholarship organization or educational improvement organization in a single year (\$300K cap per company)
 - Increases to 90% if the company commits to making the same donation for two consecutive years
 - 100% credit for the first \$10K for donations to pre-K organizations and 90% on amounts over \$10K (\$150K cap per company)
 - A company can take both the \$300K and \$150 pre-K credit.

What is the EITC Process?

- Your business completes a one page application and sends it to the DCED (Department of Community and Economic Development)
- DCED will send an approval letter to your business (if the state cap has not been met and you do not owe back taxes)
- Your business has 60 days to make a donation to an approved organization by sending a check
- Your business will receive an acknowledgement letter from the educational organization which should be sent to the DCED (within 90 days of the original approval) and will be shared by them with the Pa. Department of Revenue

Why Should Your Business Participate?

- EITC is a dollar-for-dollar reduction of the actual tax bill rather than a reduction of the amount of taxable income typical of a donation. Tax credits are utilized after the tax liability is established.
- EITC provides a way for your business to be directly involved in education in your community.
- Your direction of dollars toward local schools today is an investment in preparing your future workforce!

2008 EITC Status

- Recall the annual cap of \$75M for total tax credits granted:
 - \$44.7M for scholarship organizations
 - \$22.3 for educational improvement organizations
 - \$8M for pre-K organizations
- As of October, the remaining money available for tax credits is:
 - Approximately \$11M for scholarship organizations
 - Less than \$1M for pre-K organizations
- With immediate action, your business could still get a tax credit for 2008!!!

A Win-Win Situation

- Your business, EITC and JFK School – a great combination!
- Can we count on your support?
- How can we help?