



## Educational Improvement Tax Credit FAQ

### What are Educational Improvement Tax CREDITS?

Pennsylvania tax relief CREDITS granted to businesses that contribute to a scholarship organization or educational improvement organization.

*Every dollar of your Tax CREDIT is a dollar off the check you write to pay your taxes.*

This is not just a deduction. Your corporation gets to spend the money twice, once to satisfy your taxes and again to benefit your own community's children. Educational improvement organizations create new curriculum. Scholarship organizations give tuition assistance to improve children's educational opportunities.

### How much of a tax CREDIT will I get for my business?

90% if your company provides a written two-year commitment to contribute an equal amount each year (Remember: existing charitable deductions still apply, increasing the value of your tax CREDIT even further). The tax CREDIT is 75% against taxes owed if a contribution is made for only one year. Eligible companies may benefit up to \$100,000 in tax CREDITS each year.

### Which businesses qualify to receive the CREDIT?

Businesses authorized to do business in Pennsylvania 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; Insurance Premiums Tax; Mutual Thrift Institution Tax; or Personal Income Tax of S corporation shareholders or Partnership partners.

### Which scholarship organizations qualify to earn the CREDIT for my business?

Scholarship organizations eligible to receive EITC contributions must be registered with the Department of Community and Economic Development (DCED). Organizations must be registered 501(c)(3) and must distribute at least 80% of their funds to eligible students.

### How do I know that an organization is registered?

DCED publishes the list on their web site at: [www.inventpa.com](http://www.inventpa.com).

### Can my business contribute to more than one organization?

Absolutely. Businesses may donate to as many listed organizations as they choose.

### What is the process for my business to receive the tax CREDIT?

1. Your business applies to DCED for the tax CREDIT. It's a one-page form.
2. DCED verifies that CEOAMERICA, Lehigh Valley is listed, and verifies that there is money available for your CREDIT. (The program has approximately \$4 million dollars left this fiscal year, out of the \$30 million it began with - and all CREDITS are being awarded on a first-come, first-served basis!)
3. DCED approves your tax CREDIT. Your tax CREDIT is allocated in the budget when they grant approval. Contributions must then be made (within 60 days) of approval to receive your CREDIT.

For assistance getting your Tax CREDIT, you can [contact our office](#), or if you prefer, you can help yourself to the guidelines and [application form](#) here from our website.