

# PENNSYLVANIA EDUCATIONAL IMPROVEMENT TAX CREDIT PROGRAM

## What is it?

The Commonwealth of Pennsylvania enacted the Educational Improvement Tax Credit Program (the "EITC Program") in 2001 in order to allow businesses to support education in Pennsylvania. Through the EITC Program certain businesses can make donations to a school's EITC-registered scholarship fund and in return receive a credit against its Pennsylvania taxes that would otherwise be due.

## Is your business eligible to participate in the EITC Program?

A business is eligible to participate in the EITC Program if the business pays one of the following Pennsylvania 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 Institutions Tax

## What amount of Pennsylvania tax credits can your business obtain by making donations to an EITC-Registered Scholarship Fund?

- A business may obtain a tax credit equal to 75% of its donation amount.
- The allowable tax credit amount is increased to 90% of the donation if the business agrees to provide the same donation amount for two consecutive years.
- There is no minimum donation amount required. Thus, a business can donate \$500, \$5,000 or \$50,000 to an EITC-registered scholarship program depending on how much Pennsylvania tax it pays. The maximum tax credit available to a business under the EITC Program is \$200,000 annually.
- Tax credits may not be carried forward or back by your business and are not refundable or transferable.

## How does your business apply to participate in the EITC Program?

- A business applies to participate by completing a simple one-page application form. The form is available by calling the Department of Community and Economic Development ("DCED") at (717) 787-7120 or online at the DCED's website [www.newpa.com](http://www.newpa.com).

**When should your business apply for Participation in the EITC Program?**

- The DCED will begin accepting applications for the 2007-2008 fiscal-year on July 1, 2007.
- Please note that many businesses seek to participate in the EITC Program each year. To maximize the chance of your business being able to participate it is extremely important that your application be received by DCED by July 1, 2007. Applications are processed on a first-come, first-served basis on the day submitted.

**If your business is approved to participate under the EITC Program, when must it make its donation to Alpha's EITC-Registered Scholarship Fund?**

- Your business must make its donation within 60 days of the notification letter received from DCED advising it that it has been approved for participation under the EITC Program.
- Within 90 days of the notification letter from DCED your business must also provide proof to DCED that the contribution was made. We will provide you with a certification letter acknowledging receipt of the donation that can be submitted to DCED as proof.

Please refer to the DECD's website at  
[www.newpa.com](http://www.newpa.com)  
which provides a full explanation of the EITC Program

or

Call  
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@  
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