

THE EDUCATIONAL IMPROVEMENT TAX CREDIT PROGRAM

Frequently Asked Questions *A Guide for the Business community*

What are Educational Improvement Tax Credits (EITC)? EITC is a tax credit for businesses that make a donation to an approved educational improvement non-profit organization. *The Wildcat Foundation is approved as a K-12 Educational Improvement Organization.*

What businesses qualify? Businesses authorized to do business in PA who are subject to one or more of the following taxes may qualify: 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.

How much of a tax credit can I get for my business? The tax credit is a 75% credit (against taxes owed). However, if a company provides a written two-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.

What organizations can businesses contribute to in order to receive the credit? Organizations eligible to receive EITC contributions must be a recognized 50(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) and be placed on a list of eligible organizations. *The Wildcat Foundation is approved as a K-12 Educational Improvement Organization.*

How do businesses know which organizations are approved? Check the DCED web site (www.newpa.com), search EITC and view the Educational Improvement Organization list.

May businesses contribute to more than one organization? Yes. Businesses may donate to as many eligible organizations as they choose.

What is the process for businesses to receive the tax credit? Business must apply to DCED for the tax credit; applications are available on the DCED web site (www.newpa.com). Completed applications are due to DCED July 1 (no earlier, no later) of each year. If the business is approved by DCED and money is available in the program, tax credits will be awarded on a first-come, first-served basis. Funds are generally exhausted on the first day.

Applications may be mailed, faxed, e-mailed, or hand carried to the following:

DCED Center for Business Financing 4th Floor,
Commonwealth Keystone Building
400 North Street Harrisburg, PA 17120
FAX: (717) 772-3581