



# THE HAVERFORD SCHOOL

## Pennsylvania Tax Credit Programs

### APPLYING FOR INDIVIDUAL TAX CREDITS

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The Commonwealth of Pennsylvania allows individual taxpayers to participate in the Educational Improvement Tax Credit (EITC) and Opportunity Scholarship Tax Credit (OSTC) programs. Individuals may now join a Special Purpose Entity (SPE) that allows personal tax liabilities to flow through it, allowing them to participate. Joining an SPE enables Pennsylvania taxpayers the ability to receive a credit up to 90% of the donation amount as well as a federal charitable tax deduction.

#### STEP 1

Harry Haverford pays taxes in Pennsylvania.

#### STEP 2

Harry contributes to The Haverford School through the EITC/OSTC programs.

#### STEP 3

The Haverford School receives 100% of this donation.

#### STEP 4

Harry receives a 90% tax credit on his Pennsylvania tax return.

#### STEP 5

On Harry's tax return, he can claim a federal charitable deduction for a portion of his initial contribution.

### WHAT IS A SPECIAL PURPOSE ENTITY?

An SPE is a pass-through partnership that exists to allow individuals' Pennsylvania personal tax liability to flow through it - allowing them to participate in the EITC or OSTC programs.

### WHO QUALIFIES?

Those who have \$200,000 of annual income (single) or \$300,000 (joint) OR a net worth of at least \$1,000,000, excluding the market value of a primary residence, are eligible to join an SPE. Individuals who meet those criteria can join an SPE as an "accredited investor" and can participate in the PA State Tax Credit programs with their personal tax liability.

### THE BENEFITS

- Pennsylvania tax credit for up to 90% of the SPE commitment
- A federal charitable tax deduction for a portion of the commitment amount
- Net out-of-pocket cost for the gift can be less than the commitment depending on the federal tax deduction claimed

### DOES HAVERFORD HAVE ITS OWN SPE?

Yes. There is an SPE that has been created specifically to support The Haverford School. If you would like more information on how to join this entity, please contact Matt Nierenberg at [mnierenberg@haverford.org](mailto:mnierenberg@haverford.org) or (484) 417-2794

Haverford recommends that anyone interested in the PA Tax Credit Programs consult their tax professional.