

EITC STATE TAX CREDIT PROGRAM:

Earn State Tax Credits While Changing Lives



Through participation in the Pennsylvania Educational Improvement Tax Credit (EITC) program, you can earn state tax credits while changing kids' lives.

Participants in this program earn a 90% state tax credit while supporting Episcopal students from low-income households. The contributions that EA receives through EITC support our financial aid budget, allowing us to extend aid to students with the greatest financial need. Qualifying students receive support for tuition, transportation, technology, and curriculum activities that make the EA experience so unique.

INDIVIDUAL PARTICIPATION THROUGH A SPECIAL PURPOSE ENTITY

Individuals are able to participate in Pennsylvania's EITC program by joining a Special Purpose Entity (SPE) at Episcopal. Eligible individuals work together to fund the SPE, which then makes a contribution to Episcopal. All members of the SPE then receive a Schedule K-1 to utilize when filing their individual taxes.



ELIGIBILITY

SPEs at The Episcopal Academy require a two-year commitment* and a minimum contribution of \$7,800. Participants receive a state tax credit equal to 90% of their total contribution. Depending upon your tax situation, the remaining 10% could be deductible as a federal charitable contribution; please consult with your accountant.

Participants must also meet the definition of an Accredited Investor:

- Individual/Joint net worth exceeds \$1M, or
- Individual income exceeds \$200,000 (or joint income exceeds \$300,000)

*Should you have a significant one-year increase in PA state tax liability (such as a sale of business) or are anticipating an increase in coming years, please contact us to discuss how this program could benefit your situation.

To learn more, contact Suzanne Schaffer:

Leadership Giving Officer

sschaffer@episcopalacademy.org

484-424-1776



SAMPLE PARTICIPATION TIMELINE

STEP 1: AGREE TO PARTICIPATE

For those who would like to participate, please let us know your desired commitment amount. Please note that this amount must be the same for both years.

STEP 2: JOIN THE SPE

Our Business Office will send you a copy of the operating agreement and joinder via DocuSign to execute electronically.

STEP 3: MAKE YOUR CONTRIBUTION

Contributions to the SPEs will be made in the fall months.

STEP 4: FILE FOR TAX CREDIT

By March 15, participants will receive a Schedule K-1 that indicates their contribution.

SAMPLE CONTRIBUTION SCENARIO

| PA STATE EXAMPLE: <i>\$10K Liability</i> <i>\$10K Gift</i> | | No Contribution | Contribution |
|--|--------------------------------------|-----------------|--------------|
| | PA Taxable Income (Line 11) | \$326,000 | \$326,000 |
| | PA TAX Liability (Line 12) 3.07% | \$10,008 | \$10,008 |
| | Total Payments and Credits (Line 18) | \$ - | \$ - |
| | EITC Credit (Line 23) | \$ - | \$ 9,007 |
| | Estimated PA Tax Due (Line 26) | \$10,008 | \$1,001 |

Please consult with your tax advisor for a scenario based on your personal tax situation.



THE EPISCOPAL ACADEMY

1785 Bishop White Drive | Newtown Square, PA 19073

www.episcopalacademy.org

