

### **Which is used first to pay the tax, the EITC or cash?**

Generally, the EITC will be employed first, to offset taxes owed for the year in which the qualifying contribution occurred. The remaining tax deficiency (if any) will then be resolved using cash monies on deposit in the account.

### **I had submitted cash payments to satisfy quarterly prepayment requirements. Can the EITC be used to substitute for the cash payments?**

Yes. Any cash payment submitted as prepayment of taxes is available for refund or transfer upon written request to the PA Department of Revenue, Bureau of Corporation Taxes, Accounting Division, Department 280701, Harrisburg, PA 17128-0701, Attention: Refund Section.

### **May I transfer all or a portion of the EITC within a business's account for a prior or future year tax liability?**

No. The credit is limited to the taxable year in which the qualified contribution was made. Unused portions of the credit may not be carried forward or back-ward.

### **Who can I call to verify postings of credits approved by the DCED & status of my application for EITC?**

You can call the Pennsylvania Department of Revenue, Bureau of Corporation Taxes, Accounting Division to review the status of the business's tax account. The telephone number is (717) 787-7120. Contact the PA DCED at (866) 466-3972 for your EITC application status.

### **What must I do after I receive written approval from the DCED?**

When you receive written approval, mail your EITC donation within 60 days to the West Chester Area Education Foundation, 782 Springdale Drive, Spellman Education Center, Exton, PA 19341. We will send you a letter of acknowledgement that you can mail to the DCED, Commonwealth Keystone Building, 400 North Street, 4th Floor, Harrisburg, PA 17120-0225.



## **Pennsylvania Education Improvement Tax Credit (EITC)**

### **What is the Educational Improvement Tax Credit(EITC)?**

Administered by the Department of Community and Economic Development (DCED), the EITC Program allows businesses that donate cash, personal property, or services to a 501 (c)(3) Education Improvement Organization or Scholarship Organization to significantly reduce their state tax liability by 75% for a one-year commitment or 90% for a two-year commitment. The West Chester Area Education Foundation is a qualifying 501 (c) (3) Education Improvement Organization (EIO). All applications must be submitted electronically at [www.esa.dced.state.pa.us/Login.aspx](http://www.esa.dced.state.pa.us/Login.aspx).

### **Why should a business participate?**

The EITC program was designed to encourage Pennsylvania organizations and businesses to partner in support of local communities. Contributions made under the EITC program help community organizations continue the valuable work they do. In addition to generating goodwill, participating Pennsylvania businesses can reduce their tax liability by supporting organizations like Foundations. Specifically, businesses are able to reduce their actual tax bill – dollar for dollar – once a tax liability has been established.

## **How can I determine if my company is eligible to reduce our state tax liability by 75% or 90%?**

The State accepts the simple EITC online applications submitted electronically from Pennsylvania businesses subject to one or more of the taxes listed below. EITC guidelines for businesses can be found at <https://dc.ed.pa.gov/programs/educational-improvement-tax-credit-program-eitc/>.

*Corporate Net Income Tax, Capital Stock Franchise Tax, Bank & Trust Company Shares Tax, Title Insurance Companies Shares Tax, Insurance Premiums Tax, Mutual Thrift Institution Tax, Insurance Company Law of 1921, or the Personal Income Tax of S corporation shareholders or Partnership partners*

## **In what ways does the West Chester Education Foundation (WCAEF) benefit from your support and participation?**

The West Chester Area School District offers many enriching, dynamic, and successful programs to help students achieve; but with diminishing resources and greater expectations we must rely on community support to remain competitive in the global workforce. The WCAEF identifies and secures alternative revenue sources to fund innovative programs and projects such as the Innovative Classroom Mini Grant Program and the Student Leadership Grant Program. The WCAEF also provides an avenue to expand existing educational opportunities for students both in and out of the classroom by promoting and supporting programs and projects that ensure our students understand the connection between what they learn in the classroom and its application in the real world. Secondary students are matched with career-related internships and mentors. Our K-12 programs are designed to improve student achievement, enhance career education, and prepare students for post-secondary education and the highly competitive workplace.

## **What is the application process?**

Go to: <http://www.esa.dced.state.pa.us/Login.aspx> to access the online application and guidelines. Businesses may begin the online application NOW; however, the submit button will be inactive until the business submission deadlines: 1. First time applicants and applicants for one-year cycles submit applications on JULY 1; and 2. two year cycle applicants submit applications on MAY 15. This applies if you are in your renewal year and if you

are starting a new two-year cycle.

**IMPORTANT:** Applications are processed on a first-come, first-serve basis and the funds are usually exhausted by July 2. It is important to apply on July 1 to be considered.

## **Which business paying state taxes may be entitled to receive an Educational Improvement Tax Credit?**

An EITC may be granted to a business providing proof of a donation to an Educational Improvement Organization or Scholarship Organization such as the WCAEF equal to 75% of the total amount contributed during the taxable year by the business. A 90% tax credit may be granted if the business provides a written commitment to contribute the same amount for two consecutive years. Tax credits shall not exceed the tax liability of a business for a given taxable year, nor shall credits exceed \$750,000 annually per business. A tax credit must be applied in the taxable year the contribution is made. Unused portions of tax credits may not be carried forward or backward.

## **Can businesses contribute to more than one organization?**

Yes. Businesses can donate to as many eligible organizations as they choose.

## **Must I contact the PA Dept of Revenue upon receipt of notification of the credit?**

No. The DCED will acknowledge the credit following confirmation of the qualified contribution. DCED will simultaneously provide the PA Dept of Revenue with a copy of your confirmation letter. The PA Dept of Revenue will immediately post the credit to the taxable year in which the contribution was made and will consider tax credits awarded under this program to be effective on the first day of the taxable year. Therefore, the credit will generally be on record well before the filing of the applicable tax report.

## **How do I claim the credit when filing a Corporate Tax Report?**

On the face page of the Corporate Tax Return, there is a matrix in which you record the tax liability, payments and credits of record. You may include the EITC in the Payment/Credit column.