



PENNSYLVANIA
**EDUCATION
TAX CREDITS**

Student Scholarship Program



TAKE CONTROL OF YOUR PA STATE TAX DOLLARS AND FUND SCHOLARSHIPS FOR HARRISBURG CITY STUDENTS.

PA Tax Credit Programs - EITC & OSTC

Since 2001, Pennsylvania's education tax credit programs have given businesses and individuals the opportunity to provide student scholarships for qualified families. Over 50,000 students received tax credit scholarships in 2019, but each year more than 50% of eligible students are turned away because there are not enough scholarships available.

2 PROGRAMS:

Educational Improvement Tax Credit (EITC)

Opportunity Scholarship Tax Credit (OSTC)

- ✓ Nearly 70% of Pennsylvania families with children are income-eligible to receive tax credit scholarships.
- ✓ OSTC dollars are directed to students in the attendance boundaries of a low-achieving school (bottom 15% in state by PSSA results).
- ✓ 2020-2021 low achieving school districts includes Harrisburg City.



What is SPE (Special Purpose Entity)?

Education Tax Credits are no longer just for businesses. Recently, Pennsylvania allowed individuals to receive education tax credits through a new kind of business partnership, a Special Purpose Entity (SPE). SPE's help donors to redirect their PA tax dollars to an approved scholarship organization.

- ▶ A Special Purpose Entity or SPE is a pass-through partnership that exists solely for the purpose of earning EITC and OSTC tax credits. It is easy for individuals to get tax credits and fund a student scholarship by joining an SPE. Participants reserve their tax credits for the year by signing a simple one-page document called a joinder agreement. Then, when the SPE receives its award letter from the State, participants fund a Joshua Group student scholarship of \$3,500 or more and receive a 90% tax credit for the donation.
- ▶ SPE's allow a new group of individual donors to participate and receive EITC/OSTC tax credits. Individuals filing single or joint returns are eligible, allowing them to redirect their personal State tax dollars to a Joshua Group student scholarship.
- ▶ The Central Pennsylvania Scholarship Fund (CPSF) established its first SPE in August 2015. CPSF is the approved SPE organization used by Joshua Group.

Individual Qualifications to Join an SPE:

- Do you pay \$3,500 or more in PA State Taxes?
- Do you have an annual income of at least \$115,000, single or combined?
- Will you make a two-year commitment to provide a Joshua Group Student Scholarship for a 90% or greater return on investment?
- Would you like to save even more through your federal taxes?

WHAT IS THE SAVINGS?



A single year donation commitment receives a **75% Tax Credit**



A two year donation commitment secures a **90% Tax Credit**

A minimum of a \$3,500 donation is required.

It was empowering to join an SPE to provide a Joshua Group student scholarship. I am so happy that more children can receive a quality education because I am free to redirect my PA Tax dollars to a school.

- SPE Donor (Harrisburg)

SPE FACTS

WHO IS ELIGIBLE FOR AN EDUCATION TAX CREDIT?

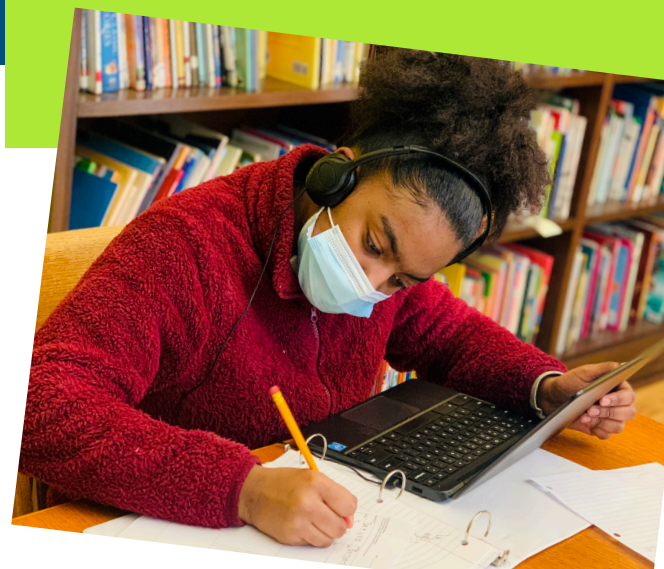
- **C-Corporations:** corporation pays all income taxes on net profits of business.
- **Pass-Through Entities:** Individual owners pay the income taxes on their share of the net profits of the business on their personal income tax returns.
 - Partnerships
 - Single-Member LLC
 - Multi-Member LLC
 - S-Corporations
- **Individual Tax Payers:** utilize benefits of EITC-OSTC through the purchase of a qualified tax credit through a Special Purpose Entity (SPE).

Total Tax Credits Available in 2021:

EITC: \$185 MILLION

- \$135 million for K-12 Scholarship Organizations
- \$12.5 million for Pre-K Scholarship Organizations
- \$37.5 million for Educational Improvement Organizations

OSTC: \$55 MILLION



BYPASS THE STATE AND SEND YOUR PA TAXES DIRECTLY TO FUND STUDENT SCHOLARSHIPS

EITC/OSTC Giving Illustration:



A donor can give \$10,000 to a school scholarship program for approx. \$650 out of pocket AND control how and where their state tax dollars are spent.**

** A Taxpayer (single/combined) owes the state \$10,000 in tax.

*With EITC/OSTC, if the taxpayer joins an education tax credit SPE for the full amount of the state tax liability, 100% goes to the school of their choice and they receive a \$9,000 State Tax credit.

**The taxpayer can deduct the remaining \$1,000 of the gift on their Federal Tax return.

HOW TO PARTICIPATE

1. Complete the 1-page Joinder Form & return to Joshua Group*
2. Send in your tax-credited scholarship contribution
3. Receive your 90% state tax credit and your federal tax deduction



100% of your donation goes to Joshua Student Scholarships!

*The Joshua Group Joinder Form can be downloaded at joshuagroup.org/SPE and completed form can be emailed to joshcenter@comcast.net

Have Questions?

For more information on the SPE, EITC, and OSTC programs, please contact Jeannetta Politis, Executive Director at Joshua Group at j.politis@joshuagrouphbg.org