

A Guide for the Business Community

The Pennsylvania Educational Improvement Tax Credit Program

“Good for Pennsylvania Public Education - Good for Pennsylvania Business Community”

What are Educational Improvement Tax Credits?

A tax credit for businesses that make donations to an educational improvement organization (local education foundation) to supplement funding of programs the school district budget can no longer support.

What businesses qualify?

Corporations authorized to do business in PA who are subject to one or more of the following taxes: Corporate Net Income Tax; Capital Stock Franchise Tax, Bank and Trust Company Shares Tax; Title Insurance Companies Shares Tax; Insurance Premiums Tax; or Mutual Thrift Institution Tax and the personal income tax of principals of a “pass through entity”.

How much of a tax credit can I get for my business?

The tax credit is equal to 75% of the amount donated. *However, if a company provides a written two-year commitment of equal funding, the credit becomes 90% of the amount donated.* The existing charitable deductions still apply with this credit, increasing the value of the tax credit.

What organizations can businesses contribute to in order to receive the credit?

Organizations eligible to receive EITC contributions must be a recognized 501(c)3 nonprofit and use 80% of their annual receipts on approved programs. Additionally, they must register with the Department of Community and Economic Development (DCED) to be included on a list of eligible organizations.

How do businesses know which organizations are listed?

They should check the DCED web site (www.newpa.com/eitc) and view the Educational Improvement Organization List.

Can businesses contribute to more than one organization?

Yes. Businesses may donate to as many eligible organization as they choose.

What is the process for businesses to receive the tax credit?

Businesses submit the DCED application for tax credit no earlier than July 1st each year. Applications are approved on a first-come, first-served basis. If there are funds still available and the application is approved, businesses must make their contributions to DCED approved organizations within 60 days.