

Support SquashSmarts through Pennsylvania's Educational Improvement Tax Credit Program (EITC)



May 15: Renewing Business Applications

July 1: New Business Applications

What Is EITC?

Pennsylvania's EITC Program provides tax credits to eligible businesses that make contributions to one or more of the following charities:

- Scholarship Organizations (SO)
- Pre-Kindergarten Scholarship Organizations (Pre-K SO)
- Educational Improvement Organizations (EIO) *

Since EITC's inception, more than \$657 million has been contributed to EITC organizations and more than 23,500 business applications have been approved. Businesses that make a 2-year commitment increase their credit and are eligible for early renewal (May 15) the next year.

For complete EITC Guidelines and Application, visit www.newpa.com and search for "EITC"

Tax Benefit

Participating businesses can achieve tax savings in two ways through tax credits applied against their tax liabilities for the tax year in which the contribution was made:

- 1) **Credit against PA Taxes**
 - Tax reduction is dollar-for-dollar against tax due
 - Credit is non-transferable and non-refundable
- 2) **Deduction against Net Income as a Charitable Donation**
 - Tax reduction equals contribution amount times tax rate of applicable tax
 - Subject to rules governing deductibility of charitable contributions

Qualified Pennsylvania Business Taxes include:

- Bank and Trust Company Shares Tax
- Corporate Net Income Tax
- Insurance Premiums Tax
- Mutual Thrift Institutions Tax
- Title Insurance Companies Shares Tax
- Personal Income Tax of S corporation shareholders or Partnerships partners

Application Process

EITC funding is awarded to businesses on a "first-come-first-serve" basis. For 2012, EITC funds (appx \$100m) were exhausted within four business days, so we encouraged you to apply early! Businesses must apply on-line:

- Step 1) Visit WWW.NEWPA.COM and search for "EITC" to locate the Program Guidelines and Application
- Step 2) Consult with your accountant to determine current year tax liabilities and the amount you intend to request through EITC
- Step 3) Complete the EITC application* and submit it to DCED through the on-line "Single Application for Assistance"
- Step 4) If approved, businesses receive a letter from DCED regarding participation in the program (typically @ August 15th)
- Step 5) Businesses select their designated EITC charities and submit their monetary contributions within sixty (60) days
- Step 6) Charitable organizations provide businesses with an acknowledgement of the contribution
- Step 7) Businesses must submit this acknowledgment to DCED
- Step 8) DCED communicates with the PA Department of Revenue, applies credit, and provides notice to the business
- Step 9) Credit is applied as if paid at the beginning of the tax year
- Step 10) Credit is taken as payment of taxes on the businesses' annual tax return

Designate "SquashSmarts"

* SquashSmarts is approved as an EITC charity through the Educational Improvement Organization (EIO) category.

To support SquashSmarts, businesses must designate funds in the "EIO" section of the application during Step 3.

Questions about EITC? Call SquashSmarts 215-221-6860 info@squashsmarts.org