Transform Your PA Taxes Into Scholarships!

Each year, Penngift Foundation distributes millions of dollars to schools in three categories: K-12 scholarships, Pre-Kindergarten scholarships, and OSTC scholarships for students from under-performing public schools.

These educational tax credit programs incentivize donors to transform their tax dollars into scholarships for kids who are eager to learn at safe, quality, tuition-based schools. The programs work by reducing taxes paid to the state by individuals and businesses when they contribute to scholarship organizations like Penngift Foundation. These scholarship organizations provide scholarships for children to attend a private or religious school.

The original EITC program was created in 2001 by the Pennsylvania legislature to offer the children of Pennsylvania the opportunity to receive a quality education in the private school of their parents' choosing. In 2004, the EITC program was expanded to offer scholarships for Pre-K students and in 2012, the OSTC program was created to target students in the lowest-performing schools. These programs are administered by the PA Department of Community & Economic Development.

TIMELINE FOR FALL SPE DONORS

1. The donor contributes by filling out the proper Joinder form, which will be provided to the donor. The completed Joinder and the check, made out to the proper Penngift SPE (listed on the bottom of the Joinder form) is returned to the school.
2. The school sends the Joinder and check to Penngift.
3. Penngift sends a letter of acknowledgment to the donor.
4. In February, all donors will receive official documentation of their donation (called a PA K-1) from Penngift's CPA firm.
5. When the donor files their PA taxes (PA 40) the following spring, they must include the PA K-1, along with a Schedule OC (Other Credits).
6. Beginning in September, donors receive their refunds through their chosen method, either as a check or as a direct deposit.
7. Donors can check on the status of their refund by calling the PA Dept. of Revenue's Customer Service line at 717-787-8201 or by registering online at the Department's portal at https://mypath.pa.gov

Penngift Foundation
P.O. Box 121
Elverson, PA 19520
info@Penngift.org
www.Penngift.org

202406

Penngift Foundation

Donor's Guide to the EITC Program

Applying for the PA Educational Improvement Tax Credit (EITC) or the Opportunity Scholarship Tax Credit (OSTC)

Q&A

1 Who can give?

Any individual, couple, or business that pays eligible PA taxes can donate. For most, this will be the PA Personal Income Tax. Several other taxes qualify (such as Corporate Income, Bank Shares, Insurance Premium Tax, etc.). Penngift will provide the complete list of taxes upon request.

2 How much can I give?

You can donate as much as you or your business pays in eligible taxes to Pennsylvania. Both spouses' tax liability may be offset with a credit on a joint return. You can give less, but not more, than that amount to qualify for the 90% credit. The minimum donation is $500. This is a one-year-only commitment.

3 How do I find out how much I will be paying in taxes this year?

To find out how much your taxes will be, (1) consult with an accountant; (2) check your pay stub if you are a salaried employee and project the taxes you will have paid by year's end; (3) estimate your yearly gross income and multiply that amount by .0307 (the PA income tax rate); or, (4) look at last year's PA-40 return and make an estimate of your taxes based on that figure. If you and your spouse file jointly, add both incomes. (Make sure to consider any tax forgiveness you may have received.)

4 Who signs the necessary documents?

For individual donors, the person making the donation (and spouses for joint filers) will need to sign a one-page document called a "Joinder." For businesses, the person authorized to make the donation will sign the Joinder. Donors contribute to schools by joining an SPE (Special Purpose Entity) owned by Penngift Foundation, which is why the document is referred to as a "Joinder."

5 How will I receive the tax credit?

When filing your PA-40, you or your accountant will attach the K-1 form that Penngift's accounting firm will send you the February following your donation. You will then need to submit a PA Schedule OC (Other Credits) which is available on the PA Dept. of Revenue's website or from Penngift. If you donate as a business, you will be eligible to apply your tax credit in your quarterly filings to reduce the amount you owe until the tax credit is fully utilized. Penngift provides you with a letter of proof that you made the donation. If you donate as an individual, you can elect to receive your refund by check or by direct deposit. Individual donors will then have to wait several months before they receive their refund due to the extra time the Commonwealth needs to process the tax credit.

6 How much will my tax credit be?

The tax credit amount is 90% of the amount you donate. For instance, if you donate $2,000, the tax credit will be $1,800. The "cost" to donate $2,000 is only $200 once you receive your refund.

7 How do I participate?

To participate, you will simply fill out the one-page Joinder form, write a check to Penngift, and give both to your school contact who will submit them to Penngift Foundation. Please refer to our "Timeline for Fall SPE Donors" on the back of this brochure for more information about this process.

Scan here to visit our website