



Pennsylvania Tax Credit Program Individual Tax Credits

The Commonwealth of Pennsylvania recently changed the law to allow individual taxpayers to participate in the Educational Improvement Tax Credit (EITC) and Opportunity Scholarship Tax Credit (OSTC) programs.

Individuals may now join a Special Purpose Entity (SPE) that allows personal tax liabilities to flow through it, allowing them to participate. Joining an SPE enables Pennsylvania taxpayers the ability to receive a credit up to 90% of the donation amount as well as a federal charitable tax deduction.

What is a Special Purpose Entity?

An SPE is a pass-through partnership that exists to allow individuals' Pennsylvania personal tax liability to flow through it - allowing them to participate in the EITC or OSTC programs.

Who Qualifies?

Those who have \$200,000 of annual income (single) or \$300,000 (joint) OR a net worth of at least \$1,000,000, excluding the market value of a primary residence, are eligible to join an SPE. Individuals who meet those criteria can join an SPE as an "accredited investor" and can participate in the PA State Tax Credit programs with their personal tax liability.

What are the Benefits?

- Pennsylvania tax credit for up to 90% of the SPE commitment
- A federal charitable tax deduction for the full commitment amount
- Net out-of-pocket cost for the gift can be less than the commitment depending on the federal tax deduction claimed

Is there an SPE that the Waldorf School of Philadelphia recommends?

There are many SPEs, and while the Waldorf School of Philadelphia does not have a comprehensive list or a direct connection with any one organization, at this time we are encouraging members in our community to contact Business Leaders Organized for Catholic Schools (BLOCS) LLC. The organization allows contributors to give to any qualifying program – not limited to Catholic schools.

How can individuals participate?

1. You pay taxes in Pennsylvania
2. You make a donation to the Waldorf School of Philadelphia through the EITC/OSTC programs
3. The Waldorf School of Philadelphia receives 100% of your donation
4. You receive a 90% credit on your Pennsylvania tax return
5. You claim a federal charitable deduction for the full amount of your initial contribution on your tax return

Contact

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