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 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.



What Do I Do Next?

1. Start the process by completing the online joinder accessed through the link or QR code you received. After submitting the joinder, you will immediately receive an email confirming the details of your commitment.
2. Within two business days, you will receive an email with detailed contribution instructions. Send in your contribution by following those instructions.
3. After receiving your check, Penngift will email you a letter of acknowledgment that you should save for your records.
4. In February, you will receive official documentation of your donation (called a PA K-1) from Penngift's accounting firm.
5. When you file your PA taxes (PA 40) the following spring, you must include information from the PA K-1, along with a completed Schedule OC (Other Credits).
6. If you file on time, you will most likely receive your refund through your chosen method (check or direct deposit) sometime prior to September.
7. You can check the status of your 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 **mypath.pa.gov**.

Penngift Foundation
P.O. Box 121
Elverson, PA 19520
(610) 286-1936
www.Penngift.org

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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 will need to complete and sign an online joinder. For businesses, the person authorized to make the donation will complete and sign the joinder. The joinder is required because individual donors can only contribute to schools by joining an SPE (Special Purpose Entity) managed by Penngift Foundation.

5 How will I receive the tax credit?

When filing your PA-40, you or your accountant will provide information from the K-1 form that Penngift's accounting firm will provide to you in the February that follows your donation. You will also need to submit a PA Schedule OC (Other Credits) with your Pennsylvania tax return. 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 choose 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 simply need to follow the steps described in the "What Do I Do Next?" section on the back of this brochure.





Scan here to visit our website