

Next Steps

1

Speak with your tax advisor to determine whether you are eligible to participate.

2

Notify the charity to whom you wish to donate.

3

Request paperwork from Friends of Education by emailing info@pataxcredits.org.

4

Make your contribution.

5

Claim your tax credit on your Pennsylvania income tax return.

Donors will receive a Form K-1 in February 2024 — this is the document donors will append to their 2023 Pennsylvania state tax return to receive the tax credit.

Together, we can support education and help make a brighter future for Pennsylvania children. Friends of Education provides a platform for individuals to redirect a portion of their tax dollars from Harrisburg to an EIO of their choice. Our special purpose entities make it easy for you to support education in a way that aligns with your values and interests.

Don't miss out on this opportunity to make a positive impact on education in Pennsylvania.

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**girls
inc.**

of Greater Philadelphia
& Southern New Jersey

**Friends of Education
can help donors
redirect their
Pennsylvania tax
dollars to Girls Inc. of
Greater Philadelphia &
Southern New Jersey**



Are you looking to support Girls Inc. of Greater Philadelphia & Southern New Jersey?

Pennsylvania's Educational Improvement Tax Credit ("EITC") program permits donors to claim a 90% state income tax credit for any gift to an approved Educational Improvement Organization ("EIO"). An EIO is a not-for-profit organization registered with the Pennsylvania Department of Community and Economic Development which provides educational programs, services, and initiatives that improve student achievement in Pennsylvania. **It costs a dime to give a dollar to the charity of your choice.**

Benefits for PA Businesses and Individuals who enroll will:

- Receive a state tax credit of up to 90% of their contribution.
- Receive a 10% itemized charitable deduction on their federal return.
- Directly support education through a charity of the donor's choice.
- Support educational opportunities for children in need.

Eligibility Requirements:

- Donors must have Pennsylvania-source income.
- Donors must be employed by, a shareholder of, a partner in or member of (i.e., own an interest in an LLC) a business that pays taxes in Pennsylvania. Donors may qualify by owning shares (not mutual funds) of a company that pays taxes in Pennsylvania.
- Donors must be current on all state and federal tax obligations.

Friends of Education provides a simple and convenient way for individuals and businesses to participate in supporting education through special purpose entities. By participating, donors can redirect a portion of their tax dollars from Harrisburg to the charity of their choice. EITC dollars to support programs and initiatives that make a real difference in the lives of children living in Pennsylvania.

FAQs:

Q: How does redirecting my taxes benefit education in Pennsylvania?

By redirecting your tax dollars to an EIO, you are supporting programs and initiatives that directly benefit students and improve educational outcomes in the commonwealth.

Q: What are the tax benefits to making an EITC-qualified gift?

By utilizing the EITC program, it costs very little to donate a lot. This chart illustrates the highly-leveraged tax savings.

	Standard gift	EITC gift
Contribution	(\$10,000)	(\$10,000)
PA state tax credit	\$0	\$9,000
Federal deduction (assumes 25% rate)	\$2,500	\$250
Out of pocket	(\$7,500)	(\$750)

Q: How do I enroll?

Donors join a special purpose entity ("SPE"), which is a partnership. Donors join this SPE by executing a joinder agreement. Once enrolled, donors remit a payment to the designated SPE. Friends of Education will give 100% of the gift to the approved charity of the donor's choice.

Q: What if I am married?

Only one spouse should enroll. The enrolling spouse must meet the eligibility requirements. The tax credit may be applied against the couple's joint Pennsylvania tax liability.

Q: Does Friends of Education have a minimum contribution?

Donors must make a gift of at least \$7,500 in 2023 and \$7,500 in 2024.

Q: What is the appropriate level of participation?

To maximize the leveraged nature of the program, individuals and businesses should participate in an amount equal to about 110% of their state tax liability. This program is based on the applicant's Pennsylvania tax liability (or joint tax liability), not income; therefore, each taxpayer's situation will differ. Pennsylvania tax liability is reported on Form PA-40 Line 12. These credits are not refundable. That means if someone gives more than 110% of their state tax liability, they will not receive a tax benefit for any amount that exceeds the 110% threshold. **Individuals should consult a tax professional.**

Q: How do I claim the EITC tax credit?

Donors will receive a Form K-1 to attach to their 2023 PA tax return.

