

Understanding the Educational Improvement Tax Credit Program

Purpose:

Provides tax credits to businesses that donate to Scholarship Organizations, Educational Improvement Organizations, or Pre-Kindergarten Scholarship Organizations.

Community Action Lehigh Valley is an approved Educational Improvement Organization (EIO).

Eligibility:

Businesses operating in Pennsylvania subject to certain state taxes, such as but not limited to corporate, net income tax, bank shares tax, malt beverage tax, personal income tax, and more.

Benefits of contributing to an EIO like Community Action Lehigh Valley:

- 75% tax credit of the donation, up to \$750,000/year.
- 90% tax credit for a two-year commitment.
- Application: Businesses apply online through DCED.
Applications are processed on a first-come, first-served basis.

[LEARN MORE ABOUT THE PROCESS HERE](#)

How to Apply to be an Approved Contributing Business to Educational Improvement Organizations

1. DETERMINE ELIGIBILITY

- Ensure your business is an operating firm authorized to do business in Pennsylvania and is subject to at least one of the following taxes: Personal Income Tax, Capital Stock/Foreign Franchise Tax, Corporate Net Income Tax, Bank Shares Tax, Title Insurance & Trust Company Shares Tax, Insurance Premiums Tax, Mutual Thrift Tax, Malt Beverage Tax, or Surplus Lines Tax.

2. APPLICATION PROCESS

- Applications must be submitted online using the DCED's Single Application for Assistance. Access the application at dced.pa.gov or www.esa.dced.state.pa.us. Paper applications are not accepted.
- Follow the instructions carefully and provide all requested information.
- Applications open July 1 through and are accepted through June 30.

3. APPROVAL & TAX CREDIT AWARD

- Once your application is approved, you will be awarded tax credits equal to 75% of your contribution(s), up to a maximum of \$750,000 per taxable year.
- To increase the tax credit to 90%, agree at the time of application to provide the same amount of contribution for two consecutive tax years.

4. MAKING CONTRIBUTIONS

- Upon approval, make your contribution(s) within 60 days of the approval letter.
- Community Action will provide proof of the contribution in the form of an acknowledgement letter. Provide this proof of the contribution to the Department within 90 days of your approval letter.

5. UTILIZATION OF TAX CREDITS

- The Department of Community and Economic Development will notify the Department of Revenue that the entity has been awarded a credit within the program. After which, you may apply the credit against the taxes your business is subject to.

6. CONTACT FOR INQUIRIES

- For any questions or further information, contact the Department of Community and Economic Development, Educational Improvement Tax Credit Program.
- For further assistance, our team at Community Action Lehigh Valley is available at the following email address: eitc@ccommunityactionlv.org