



PA Tax Credit Program FAQs

Q. What is the Pennsylvania Tax Credit Program (EITC/OSTC Tax Credit Programs)?

The Pennsylvania tax credit program provides low/middle-income children and families residing in Pennsylvania with much-needed tuition assistance. This program provides Pennsylvania tax credits to eligible businesses and/or individuals that may be applied against their Pennsylvania tax liability for the **tax year** in which the contribution is made.

Q. How does the Pennsylvania Tax Credit Program benefit The Grayson School and its students?

The Grayson School is committed to maintaining a diverse community across multiple dimensions, including socioeconomic planes. We believe that diversity and equity are essential aspects of providing an optimal education for our students. While exceptional ability knows no boundaries, inequitable access to financial resources may prevent gifted students from reaching their potential. Providing adequate and appropriate resources and identifying and meeting the needs of all our students is central to our mission.

EITC/OSTC funds are critical in helping The Grayson School to meet these commitments. These funds are 100% dedicated to scholarships that are based on a family's financial need. The Pennsylvania tax credit program makes it possible for gifted students, who would otherwise be unable to afford a private school education, to gain the full benefits of a Grayson School education.

Q. What is the impact of EITC/OSTC scholarship money for The Grayson School and our students?

Pennsylvania does not offer financial support for gifted education. The tax credit program, therefore, provides the necessary funding for high-ability children to receive the education they deserve. During the 2022-2023 academic year, Pennsylvania tax dollars directed to The Grayson School, through the program, covered approximately 75% of our financial aid budget.

Q. Who is eligible to participate in the Pennsylvania Tax Credit Program?

Individuals/couples with a Pennsylvania Personal Income Tax liability of at least \$3,500 annually are eligible to participate. The Grayson School partners with a Special Purpose Entity (SPE) to facilitate all individual/couple donations to the program. (It is important to note that our partner SPE requires a minimum donation of \$3,500.)



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Companies authorized to do business in Pennsylvania, that are subject to specific taxes, may also apply. For a company to apply, please visit [The Pennsylvania Department of Community and Economic Development](#) for details.

Q. Do I need to earn a particular income to qualify to donate?

This program is based on tax liability, not income. Therefore, each taxpayer's situation will differ. However, in general, the minimum amount of money you must make is approximately \$115,000/year (either individually or if filing jointly) to be able to donate \$3,500.

To quickly see if you may qualify, you can find your individual Pennsylvania tax liability on Form **PA-40 Line 12** of your most recent tax returns.

You do risk the chance of losing your tax credit if you choose an amount over your tax liability, so it is essential to make sure you have a clear understanding of your anticipated annual state taxes. ***Please consult your tax or financial professional to seek any financial-related advice.***

Example: \$3,530 Tax Liability/\$3,530 Donation to Grayson

	No Contribution	Contribution
PA Taxable Income	\$115,000	\$115,000
PA Tax Liability of 3.07%	\$3,530	\$3,530
EITC/OSTC Credit (90% for two years)	\$0	\$3,177
Estimate PA Tax Due	\$3,530	\$352*
Gift to The Grayson School for Scholarships	\$0	\$3,530

*In some cases, this portion of your Pennsylvania Tax liability may be deductible as part of your federal income tax. Again, please seek professional advice for further information.



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Applying to the Program

Q. Does Grayson partner with anyone to serve as support for implementing its Pennsylvania Tax Credit Program for individuals/couples?

Yes. The Grayson School partners with [Central Pennsylvania Scholarship Fund \(CPSF\)](#). CPSF is a Special Purpose Entity (SPE), based out of central PA. As our partner, they provide valuable resources to Grayson so that we can administer the EITC/OSTC tax credit program at Grayson most efficiently.

CPSF does not charge The Grayson School a fee thus, 100% of your donation comes directly to The Grayson School.

In addition to CPSF, we have relationships with other SPEs including Faith Builders, Friend Collaborative, Pennsylvania Education Partnership, and BLOCS. Each of these SPEs manages its funds uniquely and have their own minimum donation requirements.

Q. Can these tax credits be used on both individual and joint income tax returns?

Yes, you may qualify if your individual or combined Pennsylvania tax liability is \$3,500 or more.

Q. What amount of tax credit can we expect?

Typically, tax credits are worth 75% of the contribution; however, if a person or business commits to two consecutive annual contributions, a 90% credit may be claimed. Please note that our primary partner, CPSF, does not require a two-year commitment to receive the 90% tax credit.

Q. Do I have to commit to 2 years?

Can I increase/decrease my tax credit donation for the second year?

Most Special Purpose Entities (SPEs) require a two-year commitment for their members to receive a 90% tax credit. However, CPSF does not.

If unexpected circumstances occur that dictate your second-year donation must be reduced from your original commitment, such as loss of a job or reduction in tax liability, please contact [Kristen Luke Brooks, Director of Development](#) and CPSF, so that each entity may plan for the following fiscal year.



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You can also increase your donation in the second year up to the amount of your entire Pennsylvania tax liability.

Q. Are there any additional fees that I will have to pay?

No. If your joinder is accepted, you will need to make your donation to The Grayson School through our partner, CPSF, of at least \$3,500.

100% of your contribution through CPSF goes to student tuition at The Grayson School. No portion of your donation is used for administrative purposes.

Q. How do I apply?

You can receive a joinder by contacting [Kristen Luke Brooks, Director of Development](#). CPSF joinder is considered a “reservation”, a placeholder for your commitment. CPSF will then personally reach out to you when a check must be written. (Approximately in October for Fall commitments and April for Spring commitments.)

Q. When and where do I submit my application/joinder?

In short, it’s helpful to submit your “reservation” (joinder) ***as soon as possible!*** Tax credits will be distributed on a first come, first served basis until all of the tax credits have been awarded. Please submit your completed joinder to [Kristen Luke Brooks, Director of Development](#).

Q. Do I need to reapply each year?

Each year CPSF will reach out to ask if you are interested in reinvesting. If you fail to do so, your membership in the program will be terminated.

Q. How do I indicate that The Grayson School will receive my contribution?

On the joinder, you will put “The Grayson School” in the space designated for “Name of School” and indicate the tax credit amount for which you are applying in the place designated “Amount \$.”

Q. When will I receive documents to file my income taxes?

Your Federal and State K-1 forms will arrive in February of each year from CPSF.



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Q. Can I use a Donor Advised Fund Grant to pay for an individual donation?

No. SPEs are an LLC and Donor Advised Fund grants only qualify if made directly to 5013c organizations, not LLCs.

Q. What if I need additional information?

Please contact Kristen Luke Brooks, Director of Development.
Her email is kbrooks@thegraysonschool.org.

Q. Are there additional resources from the State of Pennsylvania regarding these programs?

Yes. Click these links for information regarding the [Educational Improvement Tax Credit \(EITC\)](#) program and the [Opportunity Scholarship Tax Credit \(OSTC\)](#) program.

Q. Is the Pennsylvania Tax Credit Program being canceled as of 2024?

No. The program that was removed from the Pennsylvania Governor's 2024 budget was a \$100 million NEW private-school voucher program.