

Turn your PA state tax liability into scholarships for students at **SACRED HEART SCHOOL!**

701 Franklin Street • West Reading, PA 19611

You may qualify to receive up to a
90% PA TAX CREDIT*

if you join the SPE program and have either:

- an individual income of \$200,000+ (in each of the two most recent tax years)
- a joint income of \$300,000+ (in each of the two most recent tax years) OR
- a minimum net worth of \$1,000,000 (excluding primary residence)

* Must have at least \$4,500 in PA tax liability.

* Must be able to donate at least \$5,000 for a two year period.

What is a SPECIAL PURPOSE ENTITY (SPE)?

Special Purpose Entities (SPE) are Limited Liability Companies specifically created by The Eastern PA Scholarship Foundation (EPSF) of the Diocese of Allentown to allow **INDIVIDUALS** to participate in State Educational Income Tax Credit programs - programs that in the past were reserved for businesses.

HOW DO I APPLY?

- Complete an SPE Wait List Intent Form go to www.sacredheartreading.com/specialpurposeentity to download this form
- Mail the Intent Form to:
John Fierro, Program Manager, Scholarships
Diocese of Allentown - Office of Education
1425 Mountain Drive North
Bethlehem, PA 18015
- Or email to:
jfierro@allentowndiocese.org
- The Diocese will contact you to sign a joinder outlining your two year cycle.
- You will be notified when your eligibility is approved.
- Send your contribution to EPSF designating SHS.
- EPSF will send you a K-1 to receive your tax refund.

"Being able to provide the gift of a Catholic education to a child is very fulfilling. It is our way to give back for the many blessings God has given us."

~Special Purpose Entity Donor

www.sacredheartreading.com/specialpurposeentity



Special Purpose Entity Program Frequently Asked Questions (FAQs)



How do I become a member?

Donors who meet eligibility requirements and wish to participate are admitted as Members of the LLC after signing an Agreement to a two-year commitment and making an initial capital contribution to the LLC. The donors can then specify Sacred Heart School as their contribution recipient.

When can I become a member?

The LLC can be selected for tax credits throughout the year and it is difficult to predict when this will occur. Therefore, we encourage you to complete a non-binding Intent Form, which will place you on our wait list for future tax credit availability.

Why is there a two-year commitment?

The State requires a two-year commitment in order to receive the maximum 90% tax credit. Your second-year donation will equal the first-year donation and will be due on the date specified in the Agreement.

It is critically important that you meet this obligation as failure to do so causes the LLC to not fulfill its obligation to fully fund the scholarship donations for the second year. This can expose the LLC and ALL of its members to loss of anticipated tax credits on scholarship donations made to schools.

How does my donation make its way to students?

Members' capital contributions to the LLC are donated as charitable contributions to the Eastern Pennsylvania Scholarship Foundation (EPSF). EPSF distributes the funds to our schools as directed by individual donors. The schools then select and distribute scholarships to need-based students according to EITC/OSTC family income guidelines.

How do I receive my tax credits from the LLC?

Each year the LLC reports to the Commonwealth the detail and the total of EITC/OSTC scholarships distributed. The Commonwealth in turn awards a tax credit back to the LLC equal to 90% of the total. For example, if the LLC were approved for \$100,000 in donations and collected and distributed that amount, it would receive \$90,000 in PA tax credit. The LLC then issues a K-1 to each Member for their proportionate share of the tax credit to be used by the Member when filing their PA Income Tax returns.

For additional assistance about program guidelines please contact the Program Manager of Scholarships for the Diocese of Allentown at 610-866-0581 ext. 2344.



* We encourage you to share with your accountant or tax advisor who can help you affirm your participation and estimate your current and future tax liability. For income \$146,580 or greater subject to PA income tax, the minimum tax liability would be \$4,500.

SACRED HEART SCHOOL

ENLIGHTENING MINDS ♥ ENRICHING SOULS ♥ INSPIRING HEARTS

701 Franklin Street • West Reading, PA 19611 • 610-373-3316