



BCCC Foundation Approved for Educational Improvement Tax Credit Program

The Commonwealth of Pennsylvania recently approved the Bucks County Community College Foundation as an educational improvement organization under the **Educational Improvement Tax Credit Program (EITC)**.

What is the EITC? On May 7, 2001, the Commonwealth of Pennsylvania made history by becoming the first state to pass an education tax credit aimed at corporations by an overwhelming bi-partisan majority. The REACH Foundation (**R**oad to **E**ducational **A**chievement through **C**hoice) administers the tax credit for the commonwealth.

You can help shape tomorrow's leaders by making an investment today in education.

What does this mean for my company? The EITC provides companies with a 75% tax credit for donations to a non-profit scholarship or educational improvement organization. The tax credit increases to 90% if the company commits to making the same donations for two consecutive years. A business paying taxes in Pennsylvania can receive up to \$300,000 in tax credits annually.

How much does it actually cost to donate to a scholarship or educational improvement organization and help change children's lives? Very little or NOTHING! Companies can effectively get a dollar-for-dollar credit for an EITC donation. If a company has not maximized their percentage of charitable donations, they can also deduct their contribution on their federal tax return. *Of course, each company's tax situation is different, so you should consult your tax preparer.* See the example computations provided below for both S and C corporations.

What BCCC programs can I support? Serving 13 schools districts in Bucks County, Bucks County Community College's Youth Programs provide children with a multitude of highly positive experiences in a rich, multi-sensory, experiential learning environment that takes advantage of children's energy, curiosity, and natural ability at an early age. Your donation, designated for EITC support, to the BCCC Foundation for the BCCC Youth Programs will benefit the following K-12 programs:

- **Visual Art Alliance (ArtMobile)** – *ArtMobile* has delivered art and cultural programs to Bucks County's K-12 schools since 1976. Traveling the county, this museum on wheels allows more than 20,000 kids annually to explore new worlds, develop critical thinking skills and an appreciation for art. Learn more about the *ArtMobile*, visit www.bucks.edu/artmobile.
- **"Kids on Campus"** – More than 2,000 kids each year benefit by our innovative summer camps for grades K through 8, in arts, foreign language, sports, science, test prep, and study skills. For a complete list of available camps, visit www.bucks.edu/kidsoncampus.

Accomplishments for the 2010-2011 academic year:

- EITC funds **subsidized 22 ArtMobile visits** to Bucks County schools in need of financial assistance, **benefiting 10,251 school children**. Without this assistance, many schools would not have been able to participate due to funding cuts.
- EITC funds supported **"Kids on Campus"**; subsidized **"Camp Invention"** for **approximately 40 children from economically challenged neighborhoods**; **added 5 new camps and enhanced 4 existing camps** through equipment upgrades which aided students in experiential learning.

Interested in supporting Bucks County children through these innovative programs?

Contact Gail Acosta at (215) 968-8416 or acostag@bucks.edu.

Sample calculations provided by the Reach Foundation.

Sample tax calculation for "S" corporations	No Contribution	90% Contribution
Net S-Corp Income Before Contribution	\$310,000	\$310,000
EITC Contribution	\$0	\$10,000
Fed/PA Taxable Income before Adjustments	\$310,000	\$300,000
PA Personal Income Tax (3.07%)	\$9,517	\$9,210
PA Personal Tax Savings	\$0	\$307
EITC Credit available for PA Personal Income Tax	\$0	\$9,000
Total PA Tax Savings	\$0	\$9,307
Fed/PA Taxable Income from S-Corp before Adjustments	\$310,000	\$300,000
Add Back: Reduction of State Tax Deduction	\$0	\$9,307
Net Federal Taxable Income from S-Corp	\$310,000	\$309,307
Federal Tax from S-Corp (assume 35% bracket)	\$108,500	\$108,257
Federal Tax Savings	\$0	\$243
Total Tax Savings	\$0	\$9550
Net Cost to Contribute \$10,000	\$10,000	\$450

[Sample tax calculations for "S" corporations](#) - updated 2009

Sample tax calculation for "C" corporations	No Contribution	75% EITC	90% EITC
Net Income Before Contribution & CNI Tax	\$220,000	\$220,000	\$220,000
EITC Contribution	None	\$10,000	\$10,000
Federal Taxable Income Before PA CNI Tax	\$220,000	\$210,000	\$210,000
PA CNI Tax @ 9.99%	\$ 21,978	\$20,979	\$20,979
Federal Income After PA CNI Tax	\$198,022	\$189,021	\$189,021
PA CNI Tax Savings (After Deduction for Contributions)	None	\$999	\$999
EITC (PA CNI Tax Savings)	None	\$7,500	\$9,000
PA Tax Savings – Total	None	\$8,499	\$9,999
Federal Taxable Income	\$198,022	\$196,521	\$198,021
Federal Tax	\$60,479	\$59,893	\$60,478
Federal Tax Savings	None	\$586	\$1
Total Tax Savings	None	\$9999	\$10,000
Annual Cash Required to Contribute \$10,000	0.0	\$915	0.0
Percentage Effective Total Tax Saving when Contributing \$10,000 with an EITC		90.85%	100.00%

[Sample tax calculations for "C" corporations](#)

Visit www.paschoolchoice.org/reach for a list of approved EITC organizations and sample tax computations.