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# Applications for Educational Improvement Tax Credit (EITC) Now Open

HIGHER EDUCATION, STATE AND LOCAL TAX, TAX  
BY

The Educational Improvement Tax Credit (EITC) awards tax credits to businesses that make approved contributions to Scholarship Organizations (SO), Educational Improvement Organizations (EIO) and/or Pre-K Scholarship Organizations (PKSO). The EITC is a popular program with taxpayers and serves as an effective means to reduce tax liability while contributing to groups that promote and improve educational opportunities in Pennsylvania.

Applications for EITC opened on May 16, 2016 for businesses that are either: in year two of a two-year commitment; or have completed a two-year commitment in the 2015-2016 fiscal year. Businesses that meet either condition have until June 30 to submit their application. Applications received after June 30 do not receive preferential consideration and are processed by submission date. It is likely that some tax credits such as the SO and EIO may be exhausted by July 1 due to the popularity of the programs.

First-time or new applications for EITC open on July 1, 2016. Historically, it has been a challenge for new applicants to gain approval for contributions to Education Improvement and Scholarship Organizations due to the high demand for these tax credits. Applicants now have the option to select alternative tax credits under the Opportunity Scholarship Tax Credit Program (OSTC) if their first choice is unavailable. Additionally, if any OSTC remains as of January 1, 2017, the tax credits will be transferred to EITC for Scholarship Organizations and Pre-K Scholarship Organizations.

Contact us with questions regarding EITC and visit the “Our Thoughts On” blog for updates as additional budget details become available.

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