

# SPECIAL PURPOSE ENTITIES:

## Turning your PA Tax Liability into Scholarships for Education



## What is a Special Purpose Entity (SPE?)

The Eastern Pennsylvania Scholarship Foundation (EPSF) of the Diocese of Allentown offers scholarships, helping families to provide a Catholic education for their children.

Special Purpose Entities (SPE) are Limited Liability Companies specifically created by EPSF to allow individuals to participate in State Educational Income Tax Credit programs - programs that in the past were reserved for businesses.

This SPE program is open to "Accredited Investors" meaning those having either:

- Minimum Individual income of \$200,000 (in each of the two most recent tax years)
- Minimum Joint Income of \$300,000 (in each of the two most recent tax years)
- OR Minimum Net Worth of \$1,000,000 (excluding primary residence)

Ask your accountant to review prior PA-40 tax forms to estimate your tax liability. For income \$146,580 or greater subject to PA income tax, the minimum tax liability would be \$4,500. SPE contributions allow you to offset potential tax liability. Minimum SPE member contributions are \$5,000 for two years.

### Fast Facts:

- ✚ The EPSF of the Diocese of Allentown received over \$1 million in SPE funding during 2018.
- ✚ These donations enable schools to offer increased financial aid awards to more families.



## HOW DOES IT WORK?

"Special Purpose Entities are a great vehicle for giving. For example, a \$10,000 donation yields a \$9,000 Pennsylvania tax credit. For a net cost of \$1,000 you can create \$10,000 of scholarship money."

Bob Buck, CPA, Allentown, Lehigh County

## CAN I DESIGNATE MY DONATION TO ICA?

**YES!** You will be able to direct your gift to Immaculate Conception Academy. This lets you decide to use your tax liability to support Catholic education in your community.

## WHAT IS THE NEXT STEP?

**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.**

If interested, please contact ICA's Advancement Director.

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**HELP KEEP PENNSYLVANIA STATE TAXES IN OUR COMMUNITY AND AT ICA!**