



Redirect Your Tax Payment to Support **Heights Philadelphia**



Pennsylvania's Educational Improvement Tax Credit ("EITC") program permits donors to claim a 90% state income tax credit for any gift to an approved Educational Improvement Organization ("EIO"). An EIO is a not-for-profit organization registered with the Pennsylvania Department of Community and Economic Development which provides educational programs, services, and initiatives that improve student achievement in Pennsylvania. Heights Philadelphia is an approved EIO registered with the Pennsylvania Department of Community and Economic Development. **It costs a dime to give a dollar to Heights Philadelphia.**

Benefits for PA Businesses and Individuals who enroll this spring will:

- Receive a state tax credit of up to 90% of their contribution.
- Receive a 10% itemized charitable deduction on their federal return.
- Directly support Philadelphia youth through Heights' EIO program.

Eligibility Requirements:

- Donors must have Pennsylvania-source income.
- Donors must be employed by, a shareholder of, a partner in or member of (i.e., own an interest in an LLC) a business that pays taxes in Pennsylvania.
- Donors must be current on all state and federal tax obligations.

Heights Philadelphia has partnered with Friends of Education to make EITC giving easy. Friends of Education provides a simple and convenient way for individuals and businesses to participate in supporting education through **Special Purpose Entities (SPE(s))**. By participating, donors can redirect a portion of their tax dollars from Harrisburg to Heights' EIO program.



FREQUENTLY ASKED QUESTIONS:

Q: How does redirecting my taxes benefit education in Pennsylvania? By redirecting your tax dollars to an EIO, you are supporting programs and initiatives that directly benefit students and improve educational outcomes in Philadelphia.

Q: What are the tax benefits to making an EITC-qualified gift? By utilizing the EITC program, it costs very little to donate a lot. This chart illustrates this highly leveraged way of giving.

	Standard gift	EITC gift
Contribution	\$10,000	\$10,000
PA state tax credit	\$0	\$9,000
Federal deduction*	\$2,500	\$250
Out of pocket	\$7,500	\$750

*assumes a 25% rate

Q: How do I enroll? Heights Philadelphia has partnered with Friends of Education. Friends of Education manages its own SPE. An SPE is an LLC that was awarded credits by the state. Donors join this SPE by executing a joinder agreement. The joinder agreement is where you list that you want your donation to go to Heights Philadelphia. After you sign the joinder, Friends of Education will remit 100% of your donation to Heights Philadelphia.

Q: What if I am married? Only one spouse should enroll. The enrolling spouse must meet the eligibility requirements. The tax credit may be applied against the couple's joint Pennsylvania tax liability.

Q: Does Friends of Education have a minimum contribution? Donors must make a gift of at least \$10,000 in 2024 and \$10,000 in 2025.

Q: What is the appropriate level of participation? To maximize the leveraged nature of the program, individuals and businesses should participate in an amount equal to about 110% of their state tax liability. This program is based on the applicant's Pennsylvania tax liability (or joint tax liability), not income, therefore each taxpayer's situation will differ. Pennsylvania tax liability is reported on Form PA-40 Line 12. These credits are not refundable. That means if someone gives more than 110% of their state tax liability, they will not receive a tax benefit for any amount that exceeds the 110% threshold. ***Corporations can participate too. Interested individuals or businesses should consult a tax professional prior to participating.***

NEXT STEPS

1. Speak with your tax advisor to determine whether you are eligible to participate.
2. Notify Alim Young, Director of Individual Giving, that you intend to make an EITC gift. You can contact Alim Young at **(267)-839-0826** or **ayoung@heights.org**
3. Request a joinder from Friends of Education at **info@pataxcredits.org**.
4. Designate Heights Philadelphia in the joinder and remit your donation.

In February 2025, Friends of Education will send the Form K-1 which will enable you to report the tax credit on your 2024 Pennsylvania state tax return.

Friends of Education provides a platform for individuals to redirect a portion of their tax dollars from Harrisburg to Heights Philadelphia. Utilizing Friends of Education's special purpose entity makes it easy for you to support education in a way that aligns with your values and interests.

Don't miss out on this opportunity to make a positive impact on Philadelphia youth.

