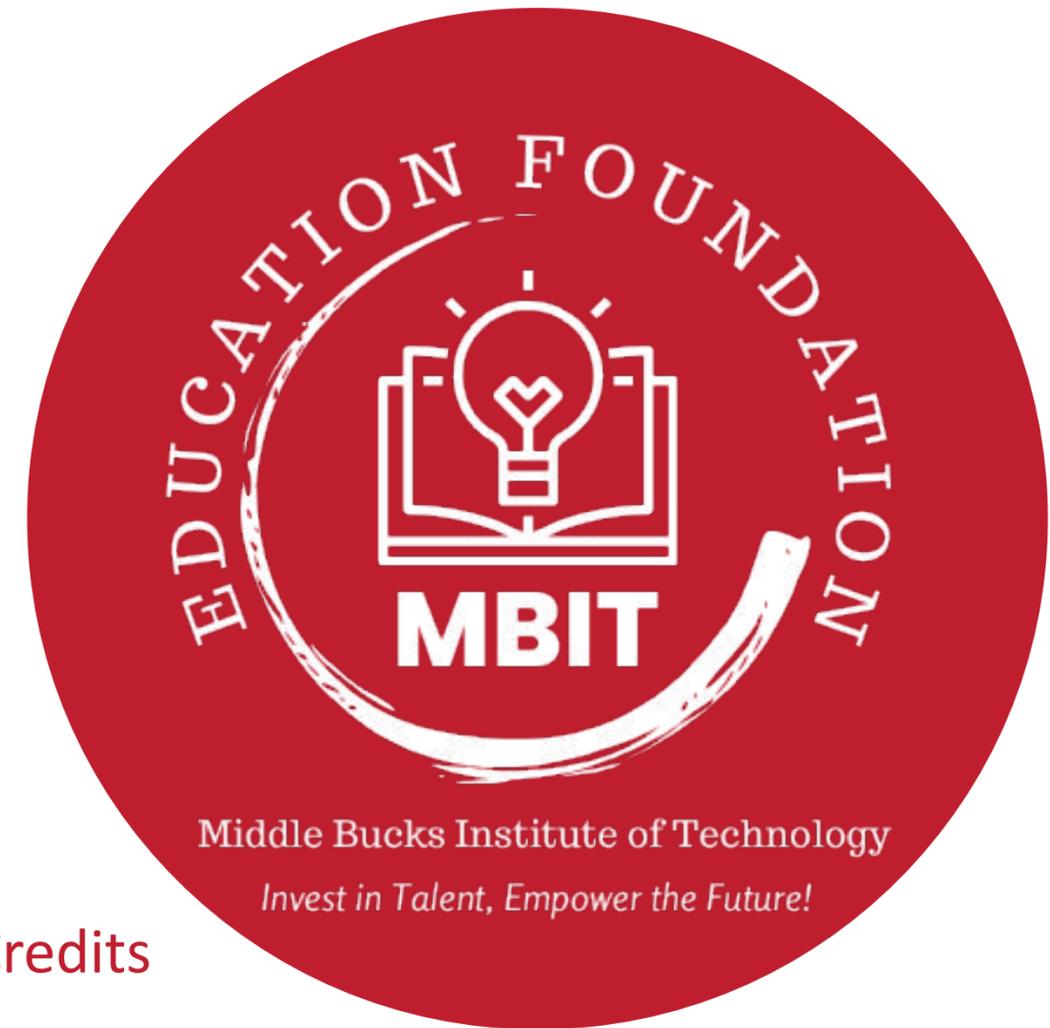


Middle Bucks Institute of Technology's  
MBIT EDUCATION FOUNDATION

# The Pennsylvania EITC Program for Businesses

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Supporting Innovative Education at MBIT through Strategic Tax Credits



*Goal: Enhance education through private-sector support*

# WHAT is the EITC?

The Educational Improvement Tax Credit (EITC) allows PA businesses to earn tax credits by donating to approved non-profit organizations, like the MBIT Education Foundation (MBIT EF).

**It redirects state tax liability to local educational initiatives.**



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*Directly control where your taxes are spent — it's a win-win!*

# WHY

# PARTICIPATE?

Support the next generation of skilled workers

● Make a direct, local impact on workforce education

● Increase visibility in the community as a partner in education

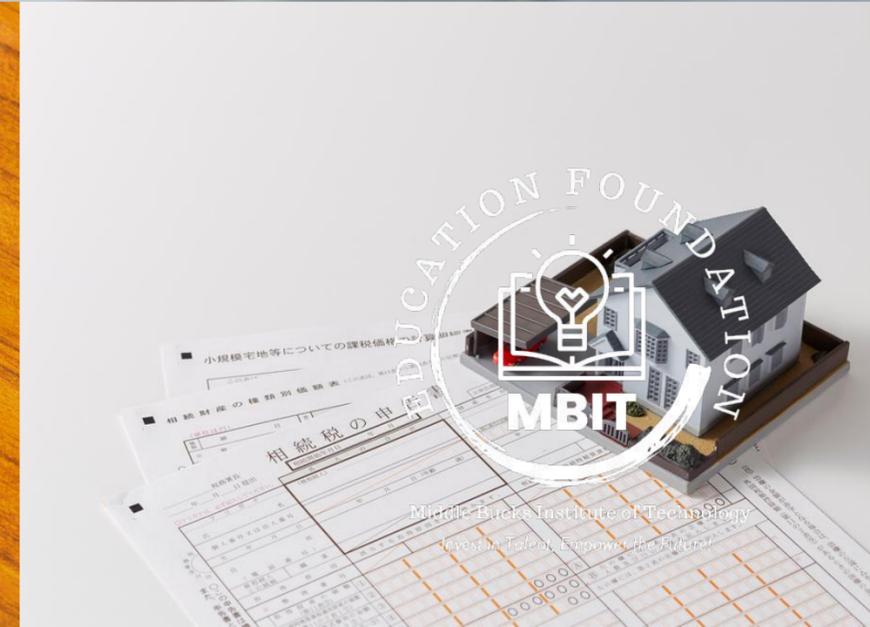


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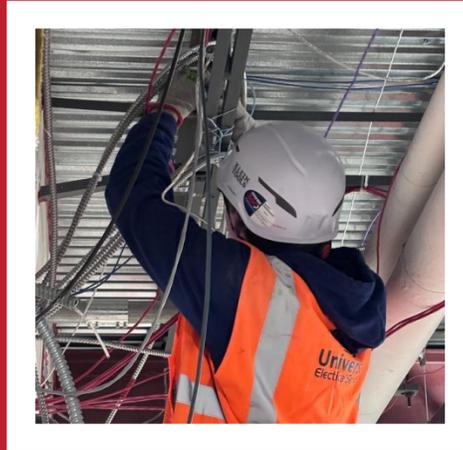
# FINANCIAL BENEFIT:

## Tax Credit vs. Deduction

- **Tax Credit:** A dollar-for-dollar reduction of your actual PA tax bill
- **Deduction:** Only reduces the income on which you are taxed
- **Impact:** A credit is significantly more valuable than a standard charitable deduction.



# WHY CHOOSE AN EDUCATIONAL IMPROVEMENT ORGAINZATION (EIO)?



MBIT'S application as an EIO was approved for technology upgrades and emerging technologies (including drones, esports, and engineering equipment). The school will be adding more of its programs for EITC approval in the coming months.

This presentation focuses on Educational Improvement Organizations (EIOs). The MBIT Education Foundation is an approved EIO.

What they do: They are approved 501(c)(3) nonprofits that provide innovative programs which are not part of the regular public school curriculum.



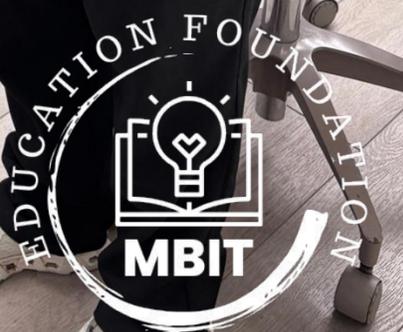
# HOW DOES IT WORK?

Donate to the MBIT Education Foundation 501©(3) organization to earn a tax credit of 90% or 75%

- **Two-Year Commitment:** receive a credit equal to 90% of your contribution if you pledge the same amount for two years. Maximum credit: \$750,000 per year.

OR

- **One-year commitment:** receive a credit equal to 75% of your contribution



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# EXAMPLE: TWO-YEAR COMMITMENT



**Scenario:** A local manufacturing company has an annual PA tax liability of \$50,000.

- **Strategy:** They commit to donating \$50,000 per year for two consecutive years (2026 and 2027) to a local Science Center (an approved EIO).
- **Tax Credit (90%):** The business receives a \$45,000 tax credit each year.
- **Net Out-of-Pocket:** The company effectively supports the Science Center with \$50,000 of impact while paying only \$5,000 in "new" cash after the tax credit is applied.
- **Result:** \$90,000 of their tax bill is redirected to a cause they value.





# SUMMARY OF THE “NET COST”

**Contribution: \$10,000**

- **PA Tax Credit (90%): \$9,000**
- **Federal Deduction: The remaining \$1,000 may be eligible for a federal charitable deduction.**
- **Final Result: A massive community impact for a very low out-of-pocket cost**



# IS YOUR BUSINESS ELIGIBLE?

**Eligible businesses must pay one or more of these Pennsylvania taxes:**

- **Corporate Net Income Tax**
- **Capital Stock/Foreign Franchise Tax**
- **Bank Shares Tax**
- **Title Insurance & Trust Company Shares Tax**
- **Insurance Premiums Tax**
- **Mutual Thrift Tax**
- **Personal Income Tax (for S-Corp shareholders or partners)**



# **PASS-THROUGH ENTITIES (S-Corps, LLCs)**

**Partnerships, S-Corps, and LLCs can participate.**

**The business makes an irrevocable election to pass the credit through to individual shareholders or members.**

**This allows owners to offset their personal PA income tax liability.**



# SMALL BUSINESS & PASS-THROUGH EXAMPLE



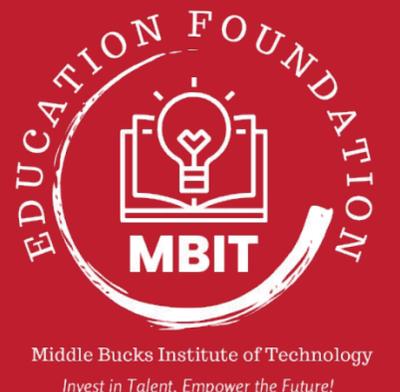
- 01** Scenario: An LLC with three partners wants to support a local after-school robotics program.
- 02** The Gift: The LLC applies for and is approved for a \$10,000 EITC contribution.
- 03** Pass-Through Benefit: The \$9,000 tax credit (90% for a 2-year pledge) "passes through" to the partners' personal PA income tax returns.
- 04** Individual Impact: Each partner uses their share of the credit to wipe out their personal PA state tax liability for the year.
- 05** Federal Bonus: The LLC may also be able to deduct the remaining 10% of the contribution as a charitable gift on their federal return, further lowering the total cost.



# STEP-BY-STEP: How to Apply & Participate as an EITC-approved Business

1. Apply to PA Department of Community and Economic Development (DCED):  
[dced.pa.gov](https://dced.pa.gov)
2. Once approved, donate to MBIT Educational Foundation within 60 days.
3. Submit proof of donation within 90 days of EITC approval to DCED.
4. Receive your tax credit confirmation.

**First-Come, First-Served: Credits are awarded in order of application date until the annual cap is reached.**



# IMPORTANT 2026 DEADLINE

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- **JULY 1<sup>st</sup> IS THE 2026 DEADLINE FOR ALL BUSINESSES SUBMITTING INITIAL APPLICATIONS**
- ***It takes 4-6+ months to get approved by DCED to be an EITC-approved business so filing your application NOW is imperative.***
- ***We URGE you to submit your application EARLIER THAN THE JULY 1<sup>st</sup> DEADLINE due to the high demand for EITC credits.***



## AFTER APPROVAL: The 60-Day Rule

- Once you receive your **Approval Letter** from the DCED, you have **60 days** to make your monetary contribution to the **MBIT Education Foundation**
- Failure to donate within this window may result in the forfeiture of your credit.

## DOCUMENTING THE GIFT AFTER APPROVAL

- MBIT Education Foundation will provide you with a written acknowledgement of your contribution.
- **Deadline:** You must forward this acknowledgement to the DCED within 90 days of your original approval letter date.

## CLAIMING THE CREDIT

- The DCED notifies the PA Department of Revenue once documentation is complete.
- The credit is applied to your tax account as if paid at the beginning of the tax year.



# BENEFITS BEYOND TAX CREDITS



## Workforce Development

By supporting MBIT Education Foundation's career technical programs, businesses help build the future local talent pool they will eventually hire.



## Community Leadership

Publicly supporting local non-profits enhances brand reputation and demonstrates corporate social responsibility.



## Employee Engagement

Partnering with the MBIT Education Foundation can boost staff morale and pride in the company.

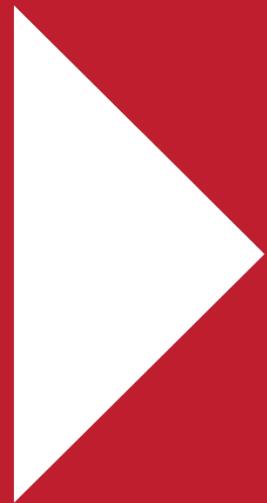


## Influence

Businesses choose exactly where their tax dollars go, rather than sending them to the general state fund in Harrisburg.



# CONTACTS & RESOURCES



- DCED Tax Credit Division: 717-787-7120
- Official Website: [dced.pa.gov/EITC](https://dced.pa.gov/EITC)
- Consult Your CPA: Always verify specific tax implications for your business structure.



**[www.mbitedfoundation.org](http://www.mbitedfoundation.org)**

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If you have any interest or questions about making EITC donations to the MBIT Education Foundation, please email **[foundation@mbit.org](mailto:foundation@mbit.org)** with your name, business contact info, and someone will get back to you promptly.

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