



Special Purpose Entities: Turning Your PA Tax Liability into Scholarships for Catholic Education



What is a Special Purpose Entity (SPE)?



The Eastern Pennsylvania Scholarship Foundation (EPSF) of Allentown Diocese issues scholarships, helping deserving 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 business firms.

This SPE program is limited by law 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)

Review prior PA-40 tax forms to estimate 2019-2020 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 \$5000 for 2 years; however, there is no maximum contribution!

Learn more!

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How does it work?

The State of Pennsylvania offers Educational Income Tax Credit programs that re-direct your tax dollars to education. For example, Jane Taxpayer expected to owe \$4,500 to Harrisburg in Tax Liability.



The cost to turn Jane's entire tax liability into a scholarship was only \$500. Additionally, she might have been able to deduct the \$500 charitable contribution!

FAST FACTS:

- ❖ The EPSF of the Allentown Diocese received almost \$1 million in SPE funding during 2018.
- ❖ They have applied for an additional \$4.3 million in SPE funding for 2019, and have already been approved for \$680,000.
- ❖ Three donors directed a total of \$17,000 to Our Lady of Perpetual Help School during 2018!

Your SPE contributions could benefit Our Lady's families in the following ways:

1. Enable the school to offer increased financial aid awards to more families.
2. Help us to keep our tuition costs as low as possible and increase the affordability of Catholic education.

If interested, please contact Our Lady of Perpetual Help's Advancement Director. If you think someone you know may be eligible and interested, please spread the word. Help us to give the gift of a Catholic education!