

## UAP Scholarship Program and Educational Improvement Tax Credit (EITC)

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MCCGP

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## Universal Academy of Pittsburgh

- Pittsburgh's only full-time Islamic School
- Common Core
  - English Language Arts, Math, Science, Social Studies
- Quran with tajweed rules daily
- Islamic studies is offered twice a week
- The Arabic language program
- Dhuhr prayer at school
- Teaching Islamic values
  - The morning assembly
  - Before and after Dhuhr prayer
  - Throughout the day

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## UAP Scholarship Program

- Our commitment for a diverse student body
  - We have a need-based scholarship program at all grade levels
- Determining the scholarship eligibility
  - TADS –a financial aid assessment and management company
  - UAP Scholarship Committee
  - Need based and transparent

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## UAP Scholarship Program Statistics for AY 2016-2017

- 107 students in total
- School Tuition
  - \$375/month (or \$3375/year)
- 49 students receive scholarship
- 42 of them are eligible for free or reduced lunch
- \$57,481 awarded last year in scholarship

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There is an easy way to finance  
UAP Scholarship Program

# EITC

Educational Improvement Tax Credit

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## EITC Program

- What is it?
  - Tax credit to eligible PA businesses contributing to an approved scholarship organization and/or to an approved Pre-K Scholarship Organization
  - Tax credits may be applied against the tax liability for the tax year in which the contribution was made
- 75% tax credit up to a max of \$750,000
- 90% tax credit if the business commits to donate the same amount for two consecutive years
- 100% of the first \$10,000 donation to a Pre-K scholarship
  - 90% for the rest up to \$200,000

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## What does that mean?

- PA businesses can divert some of the money that they would pay in taxes to an approved scholarship program
  - Such as UAP Scholarship Program!

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## Example

Sample Tax Calculations			
S-Corporation Participation Using the Personal Income Tax			
Column1	No Contribution	90% Contribution	
Net S-Corp Income Before contribution	\$310,000	\$310,000	
EITC Contribution	-	\$10,000	
Fed Taxable Income Before Adjustment	\$310,000	\$300,000	
PA Personal Income Tax (3.07%)	\$9,517	\$9,517	
PA Personal Tax Savings	-	-	
EITC Credit Available for PA Personal Income Tax	-	\$9,000	
<b>Total PA Tax Savings</b>	-	<b>\$9,000</b>	
Fed/PA Taxable Income from S-Corp Before Adjustments	\$310,000	\$300,000	
Add Back: Reduction of State Tax Deduction	-	\$9,000	
Net Federal Taxable Income from S-Corp	\$310,000	\$309,000	
Federal Tax from S-Corp (assume 39% bracket)	\$120,900	\$120,150	
<b>Federal Tax Savings</b>	-	<b>\$390</b>	
<b>Total Tax Savings</b>	-	<b>\$9,390</b>	
Net Cost to Contribute \$10,000	-	\$610	

*Note: Above calculations does not include computations for alternative minimum tax or other tax circumstances that may not apply to each individual situation.  
Please consult your tax advisor for specifics to your overall situation*

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## Organizations approved to receive donations through EITC

- Universal Academy of Pittsburgh (UAP)
- Shady Side Academy
- Winchester Thurston School
- The Ellis School
- Imani Christian Academy
- Sewickley Academy
- St. Edmund's Academy
- Waldorf School of Pittsburgh

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## Donation to UAP Scholarship Program costs very little through EITC!!!

- If PA businesses donate to UAP Scholarship Program through EITC, they will get most of their donations back as tax credit
  - 75% tax credit up to a max of \$750,000
  - 90% tax credit if the business commits to donate the same amount for two consecutive years
  - 100% of the first \$10,000 donation to Pre-K scholarship program
    - 90% for the rest up to \$200,000

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## Eligibility

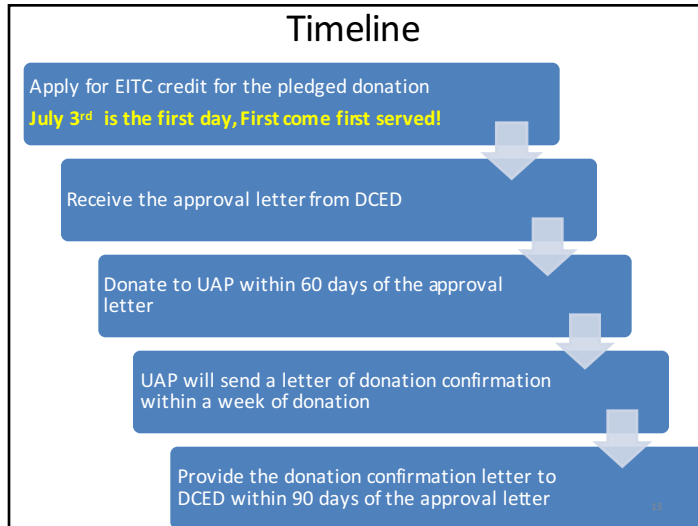
- Businesses authorized to do business in PA, who are subject to one or more of the following taxes
  - Personal income tax
  - Capital stock/ foreign franchise tax
  - Corporate net income tax
  - Bank shares tax
  - Title insurance & trust company shares tax
  - Insurance premium tax (excluding surplus lines, unauthorized, domestic/foreign marine)
  - Mutual thrift tax
  - Malt leverage tax
  - Retaliatory fees under section 212 of the insurance company law of 1921

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## How to apply

- July 3<sup>rd</sup> is the first day to apply
  - Tax credits are distributed on a first come first served basis
- Applications are sent online at
  - <https://www.esa.dced.state.pa.us/Login.aspx>
- There is no risk
  - You pledge to donate when applying
  - You donate only if you are approved

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- ### 2016-2017 PA EITC Partners in Giving
- UPMC Health Plan
  - Dollar Bank
  - Dr M. Munir Zaitoon MD Facs
  - Prime Care Internal Medicine Associates Dr Amer Akhrass
  - Dr Muhammad El-Hillal

# July 3<sup>rd</sup>, 2017

**The first day of application!**  
**All tax credit are distributed on the first date!**

**UAP is approved Scholarship Organization  
(EITC SO)**

**UAP is approved PreK Scholarship Organization  
(EITC PKSO)**

## How can you help?

- Donate to UAP through EITC if you can
- Share this information with PA Businesses

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## FAQ

### **Can a business receiving the state tax credit through EITC program still claim charitable deduction on its federal tax returns?**

Yes. A business that receives a state tax credit through the EITC program may still claim a charitable deduction for its donation on federal tax returns. Note that charitable deductions on federal tax returns are in addition to the EITC tax credit that a business will receive against its state tax liability.

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## FAQ

### **Is my business eligible?**

Businesses authorized to do business in PA, who are subject to one or more of the following taxes

- Personal income tax
- Capital stock/ foreign franchise tax
- Corporate net income tax
- Bank shares tax
- Title insurance & trust company shares tax
- Insurance premium tax (excluding surplus lines, unauthorized, domestic/foreign marine)
- Mutual thrift tax
- Malt leverage tax
- Retaliatory fees under section 212 of the insurance company law of 1921

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## FAQ

### **What is the contact information for businesses?**

Department of Community and Economic Development  
 The Educational Improvement Tax Credit Program  
 Center for Business Financing - Tax Credit Division  
 400 North Street, 4th Floor  
 Commonwealth Keystone Building  
 Harrisburg, PA 17120-0225

Telephone: (717) 787-7120  
 Fax: (717) 772-3581  
 E-mail: ra-eitc@pa.gov

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## FAQ

### Is there a benefit for my business by utilizing the EITC Tax Credit Program?

This program allows your business to direct some of your tax dollars into a specific use such as the quality education for children at UAP. These are tax dollars that your business would already be paying to the state of Pennsylvania.

### How does the UAP benefit from this program?

Your donation plays a crucial role to allow all students the opportunity to attend the UAP regardless of their ability to pay.

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## FAQ

### When should I apply to donate through EITC Program?

**July 3<sup>rd</sup>, 2017**

### Can I donate directly to a student?

No, you cannot designate your donation to a specific student.

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## Contact UAP if you need help in applying

- Elif Incekara-Hafalir
  - [ehafalir@uapschool.org](mailto:ehafalir@uapschool.org)
- Alaa Aqra
  - [aagra@uapschool.org](mailto:aagra@uapschool.org)
- Izdihar El-Hillal
  - [ielhillal@uapschool.org](mailto:ielhillal@uapschool.org)
- UAP Contact Information
 

Universal Academy of Pittsburgh  
2103 Hampton Avenue  
Pittsburgh, PA 15218

Phone: (412) 241-2124  
Fax: (412) 241- 2123  
E-mail: [uapboardofdirectors@uapschool.org](mailto:uapboardofdirectors@uapschool.org)

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## Important Resources

- If you want to download a copy of this presentation, please go to
  - <http://www.uapschool.org/>
- For more information about EITC
  - <http://community.newpa.com/programs/educational-improvement-tax-credit-program-eitc/>
- Business guidelines and applications
  - <http://community.newpa.com/download/eitc-business-guidelines-2017/?wpdmdl=73147>
- Guide on how to apply
  - <http://community.newpa.com/download/apply-single-application-short-app-121516/?wpdmdl=73144>
- Apply at
  - <https://www.esa.dced.state.pa.us/Login.aspx>

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