



# SPECIAL PURPOSE ENTITIES

TURNING YOUR PA TAX LIABILITY INTO SCHOLARSHIPS

## Helping Children & Families Attain a Catholic Education

“ Being able to provide the gift of a Catholic education to a child is very fulfilling. It is our way to give back for the many blessings God has given us. ”

Bill and Beth Kirwan  
*Pottsville, PA, Schuylkill County*



## Across the five counties we serve, the need for student financial aid in each of our 42 schools continues to grow each year.

Many have the desire for their children to receive a strong academic education and faith formation, but cannot fully afford tuition. Pending state approval, the Diocese of Allentown will be offering an expansion of the successful Educational Improvement and Opportunity Scholarship Tax

Credit programs (EITC/OSTC) for individuals. By becoming a member of a Special Purpose Entity, you are partnering with us to continue our mission of nurturing our students, inspiring their faith, and building their futures.

**We focus on academic success and Catholic values!**



“ It is heartbreaking when a family wants a Catholic education but cannot fully afford it. **Special Purpose Entities are a wonderful way to help deserving families provide a Catholic education for their children.** ”

Sr. Anna Musi, IHM  
Principal, St. Peter School, Reading, Berks County

## 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. ”

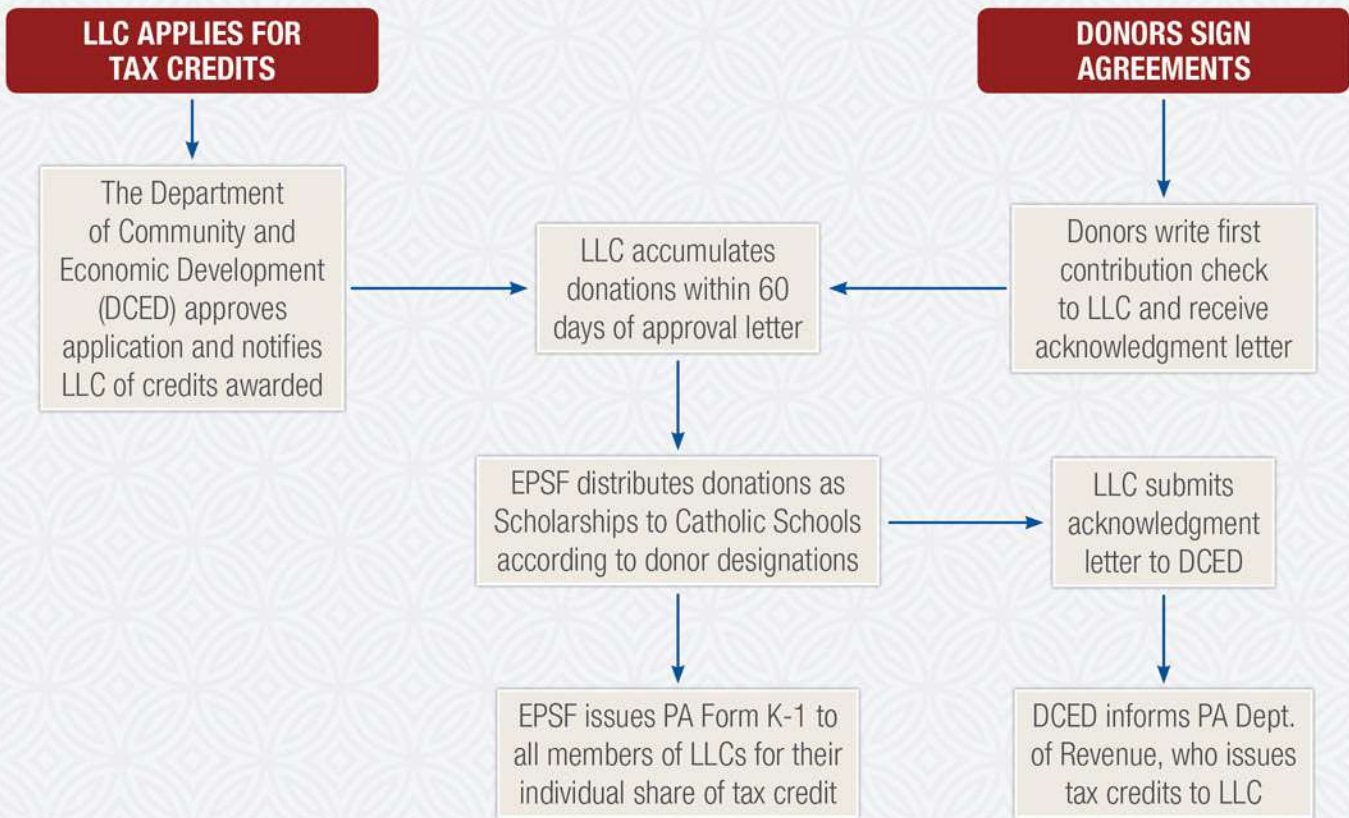
Bob Buck, CPA, Allentown, Lehigh County

In 2014, Act 194 amended the Pennsylvania Tax Code to expand the definition of “business firm” and “pass through entity” to include Special Purpose pass-through Entities (SPE).

An individual becomes a member of an Eastern Pennsylvania Scholarship Foundation Limited Liability Company (EPSF Scholarship, LLC) by signing an operating agreement and making a two-year commitment to the LLC. Only Accredited Investors, as defined by federal and state securities laws, are eligible. This is defined as having individual income of \$200,000 in each of the two most recent years, \$300,000 of joint income in each of the two most recent years, or a net worth of \$1,000,000 excluding your primary residence.

The LLC accepts members until the state approved limit is reached. There is a minimum member contribution of \$5,000 for each of the two years. The initial capital contribution is due within (60) days of the state’s approval of the LLC application and at the time of agreement signing. This typically occurs in the Summer or Fall of each year; the second-year contribution is due on or before July 1 of the following year.

The LLC receives tax credits equal to 90% of all member contributions and the credits are then passed to the LLC members based on their individual contribution amounts. The LLCs then issue K-1s to its Members for their proportionate share of the tax credit and to be used by the Members when filing their PA Income Tax returns.



“ I didn’t think I’d be able to stay at St. John Neumann Regional School, but because of generous donors I can. Thanks. ”

Hailey  
Grade 5, St. John Neumann Regional School, Palmerton, Carbon County



## WHAT IF I DO NOT MEET THE CRITERIA OF AN ACCREDITED INVESTOR?

We have other scholarship and endowment funds that do not have limitations.

## 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.

*To learn more about EITC/OSTC, please visit us at*  
**[WWW.ALLENTOWNDIOCESE.ORG](http://WWW.ALLENTOWNDIOCESE.ORG)**

**This is a win-win for our Catholic schools and our donors!**



“ It is within our Catholic schools that our greatest treasures, our children, are molded for a life of Christian leadership and service here on earth and eternal joy in heaven. Thank you for your participation. ”

Rev. Msgr. Edward R. Sacks, M.Ed.  
Pastor, Our Lady of Perpetual Help Parish  
Bethlehem, Northampton County



Office of Education • 1425 Mountain Drive North • Bethlehem, Pennsylvania 18015

Nina Arant  
Program Manager – Scholarships  
610-866-0581 x2344  
narant@allentowndiocese.org

[WWW.ALLENTOWNDIOCESE.ORG](http://WWW.ALLENTOWNDIOCESE.ORG)