



Special Purpose Entity – Scholarship Program

Special Purpose Entities: SPE's are created for the purpose of making contributions under Article XVII-F of the tax reform code of 1971, whose shareholders, partners, or members are composed of owners or employees of other business firms.

How it works: The taxpayer receives a tax credit up to 90% (for a 2 year contract) or 100% (for pre-k scholarships). You fill out a one page joinder (application) to the Central PA Scholarship Fund. The donor then writes the check for the amount of their PA tax liability (3.07% of your family's income) to CPSF and designates that check to Lititz Christian School. The donor will receive a K-1 form in February to include with PA State Tax Return and the donation is directly credited against their state tax liability.

Real Life Example: Joe and Jane taxpayer had a tax liability of \$5,547, of which \$5,200 was withheld, with \$347 due. Joe and Jane wrote a check to CPSF for \$5,547 and designated it to Lititz Christian School. Joe and Jane filed his K-1 in February for the contribution of \$5,547 with his state tax return. Later that year Joe and Jane received a refund of \$5,200! Lititz Christian School received the entire amount of \$5547 and with those moneys, LC gave Jack, Jill and Josh a sizable scholarship to receive Christian Education at Lititz Christian School.

Reference Website: www.PAEITC.org

Central PA Scholarship Fund information:

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For interest and/or questions please contact Ross McCracken

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*Minimum family income requirement \$108,000