



# COVENANT

CHRISTIAN ACADEMY

## Pennsylvania Tax Credit Scholarship Program

### **Can I really turn my PA State taxes into a need-based scholarship that helps students?**

Yes. Businesses and individuals have the opportunity to control their PA State Taxes and to transform them into need-based student scholarships. Yes, money an individual already has to pay can be directed to support a student. In return, the individual receives a 90% tax credit to offset their contribution. Participating in the Tax Credit Scholarship Program occurs through participation in a Special Purpose Entity (SPE).

### **What is a Special Purpose Entity (SPE) and how does it work?**

An SPE is a legal entity, for which individuals and business may participate, that is established to fulfill a narrow, specific, or temporary objective. Here is how the Tax Credit Scholarship Program SPEs work. The individual or business complete a one-page non-binding commitment form and submit it to the SPE. When credits are available, the SPE will ask the supporter to make complete a one-page joinder (similar to the commitment form) as well as their contribution to the SPE. The SPE will send that contribution to the school of the supporter's designation in the form of need-based student scholarships. In February, the tax contributor will receive a 90% tax credit (Form K-1) to file with their State Taxes. In cases, where individuals have made payroll withholdings or quarterly tax payments, they will likely receive a state tax refund in July or August in time to pay the following year's taxes to the SPE. And the cycle repeats.

### **What is the difference between the two SPEs with whom Covenant works:**

Covenant Christian Academy offers two SPE options to facilitate the State Tax Credit Program namely the Central PA Scholarship Fund (CPSF) and the ACSI Children's Tuition Fund of PA (CTF). They differ in the following ways:(1) the minimum level of tax to participate (CPSF is **\$3,500** and ACSI CTF is **\$1,000**) and (2) the amount of the tax contribution that the school receives (CPSF awards 100% of the tax contribution while CTF awards 95% using 5% for their legal and legislative efforts). Since Covenant Christian Academy receives 100% of the contribution and since CPSF has more credits available, we encourage those with \$3,500 or more tax liability to use CPSF.

### **How do I participate in the SPE?**

Participating with Central PA Scholarship Fund—\$3,500 or more: To participate with CPSF, you need to complete the attached joinder reservation form. Since credits have become highly competitive, participants want to make sure they submit this form as soon as they can. The joinder reservation form should be sent to Tami Clark, Executive Director of CPSF, at [tami@cpsfcharity.org](mailto:tami@cpsfcharity.org) or [t.clark@hksickler.com](mailto:t.clark@hksickler.com). (Note: For tracking and projecting purposes please mail a copy to Miriam Andrews [Development@Discovercovenant.com](mailto:Development@Discovercovenant.com).)



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Participating with ACSI Children's Tuition Fund—Minimum of \$1,000: If you are participating through ACSI CTF, you will need to complete the attached intent to participate form. Since credits have become highly competitive, participants want to make sure they submit this form as soon as they can. The intent to participate form should be sent to Tonia Harding, Coordinator of ACSI Children's Education Fund, at [tonia\\_harding@acsi.org](mailto:tonia_harding@acsi.org). (Note: For tracking and projecting purposes we ask that a copy also be sent to Miriam Andrews at [Development@DiscoverCovenant.com](mailto:Development@DiscoverCovenant.com).)

## Opportunity in 2021 is NOW!

Credits are quickly being claimed for 2021. With "Fall Credits" becoming more competitive, there is a limited opportunity to secure credits. Contributions to the SPE will follow submission of the credit reservation form when requested by the SPE upon receipt of credits from the State. This can be several weeks to a couple months after the submission of the credit reservation form.