



## THE COLEBROOKDALE RAILROAD PRESERVATION TRUST

Empowering People Through Preserving Heritage

### **Tax Credit FAQ's**

#### **What tax credit programs are available in PA?**

The Educational Improvement Tax Credit (EITC) program provides donors with a tax credit for their donations to nonprofit Scholarship or Education Improvement Organizations such as Colebrookdale Railroad's Friends of Education, LLC .

A scholarship donation for K through 12 students can earn a 75% tax credit for a one-year commitment or a 90% credit for a two-year commitment. A one-time donation for Pre-K students can result in a 100% tax credit for the first \$10,000; and a 90% tax credit for the remainder up to \$200,000.

#### **What is the maximum amount a donor can donate and receive a tax credit through EITC?**

There is no limit to the amount a donor can contribute to the EITC program.

#### **Can a donor that received a state tax credit through EITC still take a charitable deduction for their donation on both their state and federal tax returns?**

Yes. A donor that receives a state tax credit through the EITC program may still take a charitable deduction for their gift on both their federal and state tax returns as allowed by law. This is in addition to the EITC tax credits they will receive against their state tax liability. Please consult your tax advisor on specifics.

### **How can a donor benefit by utilizing the EITC Tax Credits?**

These programs allow a donor to direct where a portion of their tax dollars are spent. These are dollars that you would already be paying to the state of Pennsylvania. It also allows the donor to support the schools and local community.

### **How does a school benefit?**

Your donation plays a vital role in allowing all students the opportunity to participate in the Colebrookdale's award-winning educational and vocational training programs regardless of race, religion, or ability to pay. The schools we partner with designate which qualified students are provided assistance.

### **What is the out-of-pocket cost to make a tax credit donation to Colebrookdale Railroad's Friends of Education LLC?**

Approximately 6.5 cents on the dollar, or \$650 for a \$10,000 donation.

### **What is the timing of when we must make our contribution and what is the approval process?**

Any new donor can apply for tax credits starting July 1st for the current year. Contributions need to be made within 60 days after Colebrookdale Railroad's Friends of Education, LLC receives a letter from the state (DCED) allowing it to receive contributions in return for tax credits for donors.

### **How soon will my donation be distributed?**

Donations received prior to June 30 will be allocated for the fall semester of that school year. Monies received after July 1 will be distributed for fall of the following school year.

### **Can I donate directly to a student?**

You cannot designate your donation to a specific student. You do, however, have the option to designate the money to a specific school. The schools, not Colebrookdale Railroad's Friends of Education, LLC, each have the ability to designate funding to qualified students.