Your Tax Dollars,
Your Choice

How to Transform your Personal State Taxes into a St. James Scholarship

www.stjamesphila.org/tax

ST·JAMES SCHOOL

Meet Jayden – a St. James 5th grader



- Is a member of House Industria – known for their diligence
- Lives less than 1 mile from St. James
- A member of St. James instutmental band
- Just earned Student of the Month
- His older brother Cedrick also attends St. James and is in 7th grade.

This is E. W. Rhodes School



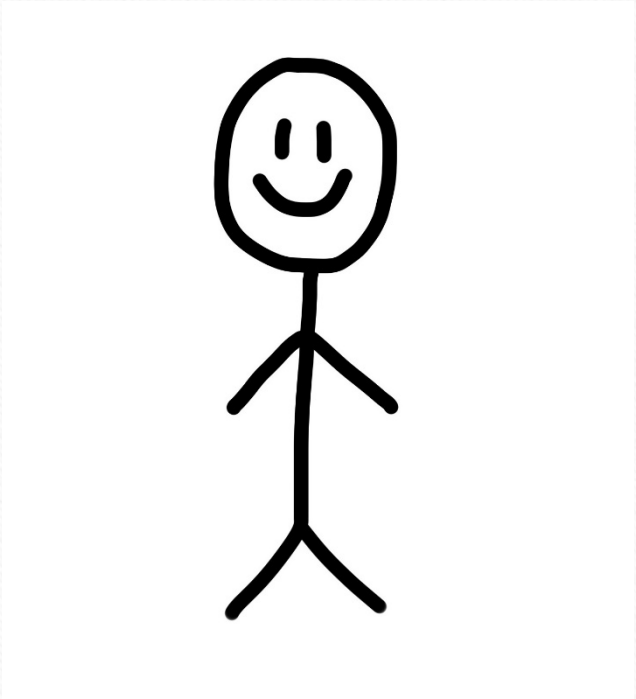
- Jayden and most of his classmates attended Rhodes before St. James – it is a neighborhood public school.
- Serves 590 students in grades K – 8
- Only 11% of 5th graders are proficient in reading
- Only 5% of 6th graders are proficient in math
- Unfortunately, Rhodes is on Pennsylvania's "Low-Achieving Schools" List

Opportunity Scholarships



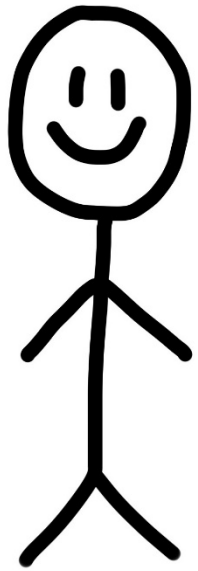
- Because Jayden is zoned to attend a school on the "Low Achieving Schools" list and his family qualifies based on their income level, he is eligible for an "Opportunity Scholarship."
- An Opportunity Scholarship is designed to help students who are zoned to attend poor-performing schools afford a higher-quality school – like St. James School.
- ***Your state tax dollars can be used to provide this scholarship!***

Meet Sally – a St. James donor.



- Sally enjoys supporting causes she cares about, especially St. James School
- Sally pays about $5,000 in taxes to the state of PA each year

Then, she learned about PA's scholarship tax credit program….



- Sally joins a "special purpose entity" (SPE). An SPE is a specially-formed LLC, made up of a group of donors interested in diverting their state taxes to scholarships. The SPE's manager applies for tax credits from the state to pass onto members.
- Sally makes a contribution of $5,000 to the SPE.
- The SPE donates $5,000 to St. James for scholarships.

What happens to Sally at Tax Time?



- Sally receives a **90% tax credit** for her gift
  90% of $5,000 = $4,500

- Sally's PA tax bill now looks like this:
  - PA Taxes Owed: $5,000
  - Minus Tax Credit -$4,500
  - Total Owed: $500

You can claim this as a charitable deduction on your federal taxes! →

Who is Eligible to Participate?

1. You must be an **employee, owner, or shareholder** of a business authorized to do business in Pennsylvania.
2. This includes **non-profit employees and retirees** **as long as you own stock in a business that operates in PA.**
3. You must owe at least $3,500 in state taxes annually.

St. James School's Partner

- St. James School partners with **Central Pennsylvania Scholarship Fund (CPSF)** which manages multiple SPEs.
- CPSF has expertise on the tax credit program; they work with 400+ schools across the state and have distributed **$60 million** in scholarships!
- CPSF is managed by certified accountants. St. James School's finance committee fully vetted CPSF, reviewed its by-laws and financial statements, and spoke with references before initiating the partnership.
- Learn more at: www.pennsylvaniaeitc.org

Does the SPE Charge Anything?



- CPSF handles all the paperwork related to applying for the credits and will send you the tax form (K-1 form) you need.
- The program is increasingly popular. **It is available first-come-first-serve, and the sooner you can submit your paperwork, the better.**
- CPSF does not take out any fees. They will pass along 100% of your donation to St. James School.
- To join, you will need to review and sign a joinder agreement indicating your commitment amount. **(Accepting now for 2023!)**

Steps & Timeline

1. First, consult your financial/tax advisor to confirm your eligibility.
2. Estimate your PA tax liability for the year. You can refer to last year's taxes to help estimate. (*Minimum is $3,500*).
3. Fill out and return joinder as soon as possible. This acts as your "reservation form" for available credits. Note: no payment is due yet!
4. Once we learn whether there are credits available for you, you will receive notice that your payment is due. For the spring cycle, checks are typically due in **March or April.** *You will receive at least 2 weeks notice before your check is due.*
5. The SPE then sends 100% of your scholarship donation to St. James School. You will receive a K-1 form recognizing your credit by the end of February. **You will receive a 90% tax credit when completing your PA state taxes.** You can also claim a federal charitable tax deduction for the remaining 10%.

What does the commitment look like?

- When you sign up, you will commit to your participation amount for 2023.
- Once you are in the program, your spot is automatically saved for next year at the same amount for renewal. St. James and CPSF will be in touch with you annually to confirm your continued participation.
- You are able to adjust your participation amount from year to year.
- If your PA tax liability changes and you need to leave the program, there is no penalty.

Different Types of Tax Payers

- If you pay quarterly estimated taxes, Spring is an ideal time to sign up for the program. You can adjust your quarterly estimated taxes to $0 after you sign up. (Please consult your accountant first!).
- If you pay taxes automatically through payroll, you may be owed a refund from PA at tax time.



ST. JAMES SCHOOL 2022 - Reservation Form

Fill out and return to:
taxcredit@stjamesphila.org

IN WITNESS WHEREOF, the undersigned has executed this Joinder to Limited Liability Company Operating Agreement of North Philadelphia Scholarships, LLC as of the date set forth below next to the undersigned's signature.

IF AN INDIVIDUAL OR 2 INDIVIDUALS SIGNING JOINTLY:

Print name

Signature of person's whose name is printed above

Print name

Signature of person's whose name is printed above

Date:

Mailing Address

City, State, Zip

Email address

Social Security #

Social Security #

IF A LEGAL ENTITY:

Print name of legal entity

Signature

Print name and title of authorized individual signing for entity

Date:

Mailing Address

Email address

EIN

AMOUNT OF INITIAL CAPITAL CONTRIBUTION (due upon acceptance): $

NOTE: Minimum of $3,500 unless Manager determines otherwise

← The paperwork to sign up is very simple. All you need is your contact info, social security number and the amount you wish to donate.

Have other questions?

- Visit **stjamesphila.org/tax**
- Contact the St. James tax credit team – taxcredit@stjamesphila.org

Or 215-226-1276, ext. 202



THANK YOU!