

# EITC Special Purpose Entities (SPE)

## Frequently Asked Questions

### What is a SPE?

A Special Purpose Entity (SPE) is a class of partnership that enables qualifying individuals and businesses to participate in the PA EITC (Educational Improvement Tax Credit) program. The SPE has already successfully applied for EITC tax credits, which are then passed on to qualifying individuals or businesses that donate to the Watson Institute via the SPE.

### Can individuals participate?

Yes! Requirements vary by the individual SPE. The Watson Institute has relationships with several SPEs. Requirements for participation are:

- The individual has a PA tax liability (recommended minimum of \$2000 each year for 2 years).
- The individual must work for a business or own a business.
- The individual commits to participate and contribute for 2 years.

### Are Businesses Eligible?

Business participation remains similar to regular EITC participation with a few additional requirements:

- Businesses eligible to participate: S Corps, C Corps, General Partnerships, Limited Partnerships, Limited Liability companies (LLCs).
- Businesses must pay one or more of the following Pennsylvania taxes annually:
  - Personal Income Tax
  - Capital Stock/Foreign Franchise Tax
  - And others detailed more fully by the PA DCED [here](#).
- Must also have a qualifying PA tax liability. SPE requirements vary, but the recommended minimum is \$2000.

### What are the Benefits?

- When you make a 2-year commitment, you will receive 90% of your contribution back as a PA state tax credit, and the remaining 10% will be considered a charitable contribution (which you may deduct on your federal tax return if you itemize).
- Becoming a member of the SPE and making a donation is easy - we can help guide you through the process.
- Want to learn more? Call our EITC SPE contact or review our step-by-step guide!

EITC SPE program contact:

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