REV-1123 CT (05-12)

pennsylvania
DEPARTMENT OF REVENUE
BUREAU OF CORPORATION TAXES
PO BOX 280701
HARRISBURG PA 17128-0701

# EDUCATIONAL IMPROVEMENT TAX CREDIT ELECTION FORM

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See Page 3 for instructions.

**Irrevocable election to pass Educational Improvement Tax Credit (EITC) through to shareholders, members or partners.** A separate election must be submitted for each year an EITC is awarded and not used in whole or in part by the contributing entity. DO NOT INCLUDE THIS ELECTION WITH YOUR TAX REPORT.

## SECTION I

START →

| Pass-Through Entity Name: | Date Received: Department Use Only MMDDYYYY |
|---|---|
| Address: | Phone Number: |

| Fax Number: | Email Address: | Identification Number (Revenue ID, FEIN, SSN): |
|---|---|---|
| | | |

(1) Total EITC awarded in tax year _____ available for pass through:
YYYY

| Contribution Date: | Amount: |
|---|---|
| | $ |
| | $ |
| | $ |
| | $ |
| | $ |
| MMDDYYYY TOTAL | $ |

(2) Amount of EITC to be applied to the entity's liability. $ _____

(3) Amount of EITC to be passed through to shareholders, members or partners. $ _____

**NOTE**: Please answer "yes" to only one of the following questions, as an EITC may be passed through for use by owners in one tax year only.

(A) Will the remaining EITC be passed through for use by the owner(s) in the year of contribution? ☐ yes ☐ no

(B) Will the remaining EITC be passed through for use by the owner(s) in the year immediately following the year of contribution? ☐ yes ☐ no

**Please complete and attach Section II**.

I, the undersigned, declare and certify I am a corporate officer, general partner or limited liability company member of the above-named entity, and I have authority to bind the above-named entity to the terms and conditions of this election.

| Signature of Company Official: Please remember to sign your form after printing. | Date: MMDDYYYY |
|---|---|
| Printed Name: | |
| Printed Title or Affiliation to the Entity: | Phone Number: |

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## SECTION II

Complete this section for each shareholder, member or partner receiving a pass-through Educational Improvement Tax Credit. Attach additional schedules if necessary.

| Name and address of each owner having an interest in the entity. Include name, street, city, state, ZIP. | Social Security number | Percentage of distributive income to which the owner is entitled | Total amount of EITC credit to pass through to the owner (pass-through amount x% of distributive income to which the owner is entitled). Also record on PA Schedule OC. | Taxable year to apply the pass-through EITC on behalf of the owner (must be the same for all owners) |
|---|---|---|---|---|
| | | % | | YYYY |
| | | % | | |
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# Use of Educational Improvement Tax Credits

Upon receipt of proof of a contribution, the Department of Community and Economic Development will notify the Department of Revenue to apply the Educational Improvement Tax Credit (EITC) against the appropriate taxes identified by the business in its application.

A business, including a pass-through entity, granted an EITC is entitled to a credit in the taxable year in which the contribution is made. The definition of a pass-through entity includes: (1) an unincorporated entity that is classified as a partnership for federal income tax purposes; (2) a single-member limited liability company that is classified as a disregarded entity for federal income tax purposes; and (3) a Pennsylvania S corporation. A pass-through entity may choose to pass through the credit to shareholders, members or partners (owners) in the following manner:

- Make an irrevocable election in writing to pass through the entire EITC to its owners, in proportion to the entity's distributive income share to which owners are entitled in the taxable year in which the contribution is made, or in the taxable year immediately following.
- Apply all or a portion of the EITC to the entity's tax liability for use in the taxable year in which the contribution is made and make an irrevocable election in writing to pass through the remaining EITC to its owners, in proportion to the entity's distributive income share to which owners are entitled in the taxable year in which the contribution is made.
- Apply all or a portion of the EITC to the entity's tax liability for use in the taxable year in which the contribution is made and make an irrevocable election in writing to pass through the remaining EITC through to its owners, in proportion to the entity's distributive income share to which owners are entitled in the taxable year immediately following the year in which the contribution was made.

**IMPORTANT:** Married couples with joint ownership in pass-through entities must identify husband and wife separately on the entities' pass through of credit requests in order for credit to be applied to each individual.

Example: Husband and wife Jim and Jane jointly own a 50 percent interest of a partnership, and their son John owns the other 50 percent. All income is distributed according to the ownership percentages. The request to pass through credit must identify Jim's and Jane's tax numbers separately, each receiving 25 percent of the credit, and identify the other 50 percent to be passed through to John under his tax number. This method must be followed even though the partnership reports Jim and Jane's income together on the same RK-1 or NRK-1.

**An election to pass through an EITC must be made by the pass-through entity on or before the tax report due date for the year in which the contribution is made.** A separate election must be submitted for each year. If an election is not made to pass through any unused EITC to the owners, the EITC will expire.

An EITC granted for any one taxable year may not exceed the combined tax liability of the entity and its owners. Additionally, an EITC not used in the taxable year in which the contribution was made may not be carried forward or carried back, nor is it refundable or transferable, except for an approved election to apply unused EITC to the tax liability of the owners in the taxable year immediately following the year in which the contribution is made. A pass-through EITC can be applied to all classes of income earned by the owners.

Return the election form to:

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