

PENNSYLVANIA EDUCATIONAL IMPROVEMENT TAX CREDIT (EITC) PROGRAM

**Sample Calculations of Tax Savings**

REV: 10/2009

<b>No Contribution</b>	<b>C-Corporation</b>	
	<b>1 Year 75% EITC Tax Credit</b>	<b>2 Year 90% EITC Tax Credit</b>

1	Net Income Before Contribution & CNI Tax	\$ 220,000	\$ 220,000	\$ 220,000
2	<b>EITC Contribution</b>	\$ -	\$ 10,000	\$ 10,000
3	Federal Eaxable Income Before PA CNI Tax	\$ 220,000	\$ 210,000	\$ 210,000
4	PA CNI Tax @ 9.99%	\$ 21,978	\$ 20,979	\$ 20,979
5	Federal Income After PA CNI Tax	\$ 198,022	\$ 189,021	\$ 189,021
6	PA CNI Tax Savings (After Deduction for Contributions)	None	\$ 999	\$ 999
7	EITC (PA CNI Tax Savings)	None	\$ 7,500	\$ 9,000
8	<b>PA Tax Savings Total</b>	<b>None</b>	<b>\$ 8,499</b>	<b>\$ 9,999</b>
9	Federal Taxable Income	\$ 198,022	\$ 196,521	\$ 198,021
10	Federal Tax	\$ 60,479	\$ 59,893	\$ 60,478
11	<b>Federal Tax Savings</b>	<b>None</b>	<b>\$ 586</b>	<b>\$ 1</b>
12	<b>PA Tax Savings - Total</b>	<b>None</b>	<b>\$ 8,499</b>	<b>\$ 9,999</b>
13	<b>Federal Tax Savings</b>	<b>None</b>	<b>\$ 586</b>	<b>\$ 1</b>
14	<b>Total Tax Savings</b>	<b>None</b>	<b>\$ 9,999</b>	<b>\$ 10,000</b>
15	Annual Cash Required to Contribute \$10,000	\$ -	\$ 915	\$ -
	<b>Percentage Effective Total Tax Savings when contributing \$10,000 with an EITC</b>		<b>90.85%</b>	<b>100.00%</b>