

Special Purpose Entities: An Innovative Expansion of the EITC Program

What is a Special Purpose Entity?

A Special Purpose Entity is a new class of pass-through partnership that exists solely for the purpose of earning Educational Improvement (or Opportunity Scholarship) Tax Credits.

Who can join Special Purpose Entities (SPEs)?

Individuals and legal entities – not limited to partners or shareholders – can earn tax credits through SPEs. Large partnerships can also form subsidiary partnerships of only members with PA tax liability. These special purpose entities are attractive to accredited investors.

Why are Special Purpose Entities of interest to small business owners?

SPEs are suitable for small business owners who do not want the hassle of filing annual tax credit applications with the PA DCED or filing additional tax forms with PA Revenue.

Can anyone join a Special Purpose Entity?

No. Employees of sole proprietorships and non-profit organizations are not eligible to join SPEs.

How can I support Catholic Schools by earning EITC tax credits through a Special Purpose Entity?

Although the Second Century Fund has neither the staff nor the skills necessary to effectively manage a special purpose entity, it welcomes tax credit contributions from any SPE member willing to support Catholic Schools within the Diocese of Altoona-Johnstown.

Individuals without access to an existing SPE can review the membership joinder agreement of the *Central Pennsylvania Special Purpose Entity, LLC*, managed by Tyrone CPA Randy Tarpey. The *Central PA SPE* is currently accepting pre-orders from individuals who meet its investment requirements and can commit a minimum of \$3,500 annually for two consecutive years.

Additional benefits may be gained if the individual is subject to the federal Alternative Minimum Tax (AMT). Membership in a special purpose entity becomes an investment with a return of a tax credit.

Randy and his team manage the partnership agreements and member compliance tax documentation. The Second Century Fund receives member-designated contributions from *Central PA SPE* to support specific Catholic school(s).

For more information

Memberships in *Central Pennsylvania Special Purpose Entity, LLC* are available only until it has been fully subscribed. Please contact either of the following for details.

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