

Special Purpose Entities: An Innovative Expansion of the EITC Program

A simple way to turn your tax dollars into Catholic school scholarships!

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. It's easy to get tax credits by simply joining a SPE by signing a joinder agreement, which reserves your tax credits for the year. You complete the process by contributing your tax dollars to the SPE's scholarship organization rather than the state. The final act is to make your contribution by Dec. 31 in order to receive the tax credit for the year.

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?

The Diocese's scholarship organization—Second Century Fund—welcomes interested parties to support our Catholic Schools through the EITC's Special Purpose Entity Program. The Diocese has partnered with CPA Randy Tarpey of Sickler, Tarpey & Associates, Tyrone, PA, to administer this expansion program. Randy and his team manage all necessary partnership agreements and member compliance tax documentation. The Second Century Fund administers contributions to support those Catholic schools designated by the donor.

The SPE 2018 Partnership 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.

For more information

Please contact either of us to have a personal introduction to the SPE program and how it easily allows you to turn tax dollars into student scholarships!

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