

Pennsylvania Scholarship Tax Credit Program

A brief look at how Pennsylvania scholarship organizations work — and whether they give tax credits



1

What Is It?

Pennsylvania uses scholarship tax credit programs to help fund K–12 scholarships through approved organizations.



2

Main Program Types

The two main programs are EITC and OSTC. Both support scholarships through approved scholarship organizations.

- EITC = Educational Improvement Tax Credit
- OSTC = Opportunity Scholarship Tax Credit



3

Who Can Donate?

Primarily eligible Pennsylvania businesses and certain pass-through entities apply to participate.

This is generally not a simple direct individual-donor credit like Arizona.



4

Does It Give Tax Credits?

Yes. Eligible business donors can receive a Pennsylvania state tax credit.

- ✓ 75% credit = 1-year commitment
- ✓ 90% credit = 2-year commitment
- ✓ Up to \$750,000 annual credit



5

How Are Funds Used?

Approved organizations award scholarships to eligible students attending participating schools. OSTC is targeted to students living in low-achieving school zones.



6

How It Works

Apply through DCED, receive approval, make the contribution, and then claim the tax credit on the business tax return. Credits are limited and processed first-come, first-served.

Important Reminders



Business-focused program



Apply before donating



Credits are limited



Use approved organizations only



Business



Approved Organization



Scholarship



Student



PA Tax Credit