

Opportunity Scholarship Tax Credit Program (OSTC)

Overview

The program provides tax credits to eligible businesses contributing to an Opportunity Scholarship Organization. Business contributions are then used by Opportunity Scholarship Organizations to provide tuition assistance in the form of scholarships to eligible students residing within the boundaries of a low-achieving school to attend another public school outside of their district or nonpublic school. A low-achieving school is defined as a public elementary or secondary school ranking in the bottom 15 percent of their designation as an elementary or secondary school based upon combined math and reading Pennsylvania System of School Assessment (PSSA) scores.

For Parents, Students and Opportunity Scholarship Organizations

Students who live within the attendance boundaries of a low-achieving school, as determined by the Pennsylvania Department of Education, are eligible to receive a scholarship if their household's annual income is no greater than \$75,000 plus \$15,000 for each dependent member of the household. For the 2014-15 school year, the maximum scholarship award available to non-special education students is \$8,500 and the maximum for a special education student is \$15,000.

Uses

Tax credits may be applied against the tax liability of a business for the tax year in which the contribution was made. The tax credits awarded to businesses will be equal to 75 percent of their contribution amount, which can be increased to 90 percent upon the business committing for two years. The total may not exceed \$400,000 per taxable year.

Funding

Tax credits equal to 75 percent of its contribution up to a maximum of \$400,000 per taxable year; can be increased to 90 percent of the contribution, if a business agrees to provide same amount for two consecutive tax years. Total program funding for Fiscal Year 2014-15 is \$50 million.

Eligibility

Businesses authorized to do business in Pennsylvania who are subject to one or more of the following taxes: Corporate Net Income Tax; Capital Stock Franchise Tax, Bank and Trust Company Shares Tax; Title Insurance Companies Shares Tax; Insurance Premiums Tax; Mutual Thrift Institution Tax; or a tax under Article XVI of the Act of May 17, 1921, known as the Insurance Company Law of 1921. This includes the Personal Income Tax of S corporation shareholders or Partnership partners.

Terms

An approved company must provide proof to DCED within 90 days of the notification letter that the contribution was made within 60 days of the notification letter; Tax credits not used in the tax year the contribution was made may not be carried forward or carried back and is not refundable or transferable.