



THE CHALLENGE PROGRAM, INC.

**CONNECTING BUSINESS
AND EDUCATION**



TAKE CONTROL OF YOUR TAX DOLLARS



Significant Tax Savings

Businesses can receive a 90% Pennsylvania state tax credit and a full federal charitable deduction. Your donation costs a dime to give a dollar.



Direct Impact on Education

Donors can direct their tax dollars to the educational program of their choice, providing vital support to students in need.



Simplified Process

Friends of Education handles all compliance and paperwork, making it easy for donors to participate and claim their tax benefits.

About Us

The Challenge Program, Inc.'s mission is to motivate high school students to develop the habits required to succeed in school and in their careers by building business/education partnerships. As an approved Educational Improvement Organization (EIO), The Challenge Program, Inc. can be supported through an EITC contribution.

Pennsylvania's EITC program allows small businesses to reduce their tax liability by an amount that exceeds the value of the gift. What's more, it provides a unique opportunity to support educational opportunities for children in need. By participating in the EITC program, small business owners can make a meaningful impact while receiving significant tax benefits.

Small business participants are eligible for a full federal deduction as well as a PA state income tax credit, both of which flow through to the business owners. The value of the federal deduction along with the state tax credit often exceeds the value of the gift. For example, a contribution of \$10,000 could result in a potential tax benefit of \$12,500 for the donor. With the EITC program, both donors and students benefit!

However, not all business owners can claim this deduction, and not all may benefit from the tax credit, so it's essential to consult with a tax advisor and program administrator before enrolling.

Benefits for Businesses:

- Receive a Pennsylvania state income tax credit of up to 90% of their contribution
 - Receive a ordinary and necessary business deduction
 - Directly support the school or organization of their choice
- Provide educational opportunities for children in need

Next Steps

- 1 Speak with your tax advisor to determine whether you are eligible to participate.
- 2 Request a joinder agreement to specify your two-year commitment by emailing.
- 3 Make your first contribution as outlined in the joinder agreement.
- 4 Attach the Form K-1 (received in February) to your PA state tax return.

Eligibility Requirements

Businesses are eligible if they pay Pennsylvania taxes and meet one of the following requirements:

Subchapter S corps and Partnerships are deemed eligible because they pay taxes at partnership level for out of state partners.

Flow-through partnership takes federal deduction

Owners of flow through credit receive state tax credit

The EITC program allows you to donate a lot for a small cost. The following chart illustrates the the tax benefits for businesses.

	Contribution	PA State Credit	Federal Deduction	Out of Pocket Cost
EITC Gift	\$10,000	(\$9,000)	\$3,500	\$2,500 GAIN
Typical Gift	\$10,000	\$0	\$3,500	(\$6,500)