

REACH Foundation

Sample Tax Calculation for "S" Corporations Participating in the Educational Improvement Tax Credit

These sample tax calculations were updated in 2009 for S-corps contributing through the PA Income Tax. For additional sample calculations, please contact the REACH office.

Example

	No Contribution	90% Contribution
Net S-corp income before contribution	\$310,000	\$310,000
EITC Contribution	\$0	\$10,000
Fed/PA Taxable Income before Adjustments	\$310,000	\$300,000
PA Personal Income Tax (3.07%)	\$9,517	\$9,210
PA Personal Tax Savings	\$0	\$307
EITC Credit available for PA Personal Income Tax	\$0	\$9,000
Total PA Tax Savings	\$0	\$9,307
Fed/PA Taxable Income from S-corp before Adjustments	\$310,000	\$300,000
Add Back: Reduction of State Tax Deduction	\$0	\$9,307
Net Federal Taxable Income from S-Corp	\$310,000	\$309,307
Federal Tax from S-corp (assume 35% bracket)	\$108,500	\$108,257
Federal Tax Savings	\$0	\$243
Total Tax Savings	\$0	\$9,550
Net Cost to Contribute \$10,000		\$450