



**EDUCATIONAL IMPROVEMENT/  
OPPORTUNITY SCHOLARSHIP  
TAX CREDIT ELECTION FORM**

**Irrevocable election to pass Educational Improvement Tax Credit (EITC)/Opportunity Scholarship Tax Credit (OSTC) through to shareholders, members or partners.** A separate election must be submitted for each year an EITC/OSTC is awarded.

**SECTION I**

Pass-Through Entity Name:		Date Received: Department Use Only
Address:		Telephone Number:
Fax Number:	Email Address:	Identification Number (FEIN, SSN):

1. Total EITC/OSTC awarded \_\_\_\_\_ in tax year \_\_\_\_\_ available for pass through

2. Forwarding pass-through entity FEIN: \_\_\_\_\_

3. Record of contributions:

Contribution Date:	Amount:
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
<b>TOTAL</b>	\$ _____

**NOTE:** Please answer "yes" to only one of the following questions, as an EITC/OSTC may be passed through for use by owners in one tax year only.

4. Will the awarded EITC/OSTC be passed through for use by the owner(s) in the tax year of the contribution?  yes  no

5. Will the awarded EITC/OSTC be passed through for use by the owner(s) in the tax year immediately following the tax year of the contribution?  yes  no

**You must also complete and include Section II on Page 2.**

I, the undersigned, declare and certify I am a corporate officer, general partner or limited liability company member of the above-named entity, and I have authority to bind the above-named entity to the terms and conditions of this election.

Signature of Company Official:	Date:
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Printed Name: \_\_\_\_\_

Printed Title or Affiliation to the Entity:	Telephone Number:
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## WHAT'S NEW

The REV-1123, Educational Improvement/Opportunity Scholarship Tax Credit Election Form, has been revised to update the form as a result of the education credits no longer being required to offset capital stock and foreign franchise taxes prior to passing them through to pass-through or special purpose entity owners. In addition, the REV-1123 instructions have been revised to provide specific instructions for each line and to include additional clarifying instructions.

## GENERAL INFORMATION

### PURPOSE OF FORM

Use the REV-1123, Educational Improvement/Opportunity Scholarship Tax Credit Election Form, to report the amount of Educational Improvement Tax Credit (EITC) or Opportunity Scholarship Tax Credit (OSTC) awarded to a pass-through entity or special purpose entity along with the amounts of the EITC or OSTC to be passed through to the partners, members or shareholders (owners) of the pass-through or special purpose entity. The REV-1123 is also used to elect the tax year in which the EITC or OSTC is to be passed through to the owners of the pass-through or special purpose entity.

### RECORDING DOLLAR AMOUNTS

Show money amounts in whole-dollars only. Eliminate any amount less than \$0.50 and increase any amount that is \$0.50 or more to the next highest dollar.

### WHO MUST COMPLETE

The REV-1123 must be completed by the pass-through entity or special purpose entity and sent to the department separately from the PA-20S/PA-65, S Corporation/Partnership Information Return.

**IMPORTANT:** An election to pass through an EITC or OSTC must be made by the pass-through entity or special purpose entity on or before the tax report due date for the tax year in which the contribution is made. A separate election must be made for each tax year. If an election is not made to pass through the EITC or OSTC to the owners, the EITC or OSTC will expire. Refer to the Mailing Instructions for additional information.

**TIP** You may also provide a copy of the REV-1123 to each owner for inclusion with the owner's tax return. If the REV-1123 is provided to each owner, the Social Security numbers (SSN) and federal employer identification number (FEIN) of all other owners must be redacted to the last four digits of the SSN or FEIN.

## DEFINITIONS

### Pass-Through Entity

A pass-through entity includes the following:

- An unincorporated entity that is classified as a partnership for federal income tax purposes;
- A single-member limited liability company that is classified as a disregarded entity for federal income tax purposes;
- A Pennsylvania S corporation; and
- A special-purpose entity created to receive and make contributions in order for the entity to receive an EITC or OSTC

### Special Purpose Entity

A special purpose entity is a pass-through entity, the purpose of which is the making of contributions for an EITC or OSTC and whose shareholders, partners or members are composed of owners or employees of other business firms. The special purpose entity receives the EITC or OSTC and distributes the credit to its owners in proportion to their ownership in the special purpose entity. Refer to Informational Notice Miscellaneous Tax 2015-01, Education Tax Credits, for additional information.

## FORM INSTRUCTIONS

### SECTION I

Enter the pass-through or special purpose entity's name, address, telephone number, fax number, email address and FEIN in appropriate spaces provided.

### LINE INSTRUCTIONS

#### LINE 1

Enter the amount of the EITC or OSTC awarded and the tax year the credit was awarded from the award letter sent by the Department of Community and Economic Development. If the EITC or OSTC credit was received from a pass through entity, skip Line 1 and complete Line 2.

#### LINE 2

The EITC and OSTC may be passed through by a pass-through entity (PTE # 1) to another pass-through entity (PTE # 2). These credits may be passed through by multiple PTEs.

When a pass-through entity (PTE #1) passes the EITC or OSTC on to a partner, member or shareholder that is another pass-through entity (PTE # 2) that will pass the credit through again to its shareholders, members or partners, enter the FEIN of PTE # 1 in the space provided.

**CAUTION:** Estates and trusts are not pass-through entities and may not pass a credit on to its beneficiary(ies). Any EITC or OSTC passed through to an estate or trust must be used to offset the tax liability of the estate or trust or the credit is lost.

### LINE 3

For each contribution made to an educational improvement or scholarship organization, enter the date the contribution was made and the amount. Add the contributions and enter the total amount.

**TIP** If the EITC or OSTC credit was received from a pass through entity, skip Line 3 and proceed to the questions for Lines 4 and 5.

**IMPORTANT:** The total amount of the contributions made will exceed the amount of the tax credit award. The credit award amount will depend on the number of tax years of the commitment for the contributions by the pass-through entity.

**CAUTION:** An EITC or OSTC must be applied for and awarded for each year of a multi-year commitment regardless of the commitment level indicated in the initial application year.

### LINES 4 & 5

A pass-through entity or special purpose entity must make an election to pass the EITC or OSTC through to the owners in the tax year the contributions were made or to pass the EITC or OSTC through to the owners in the tax year immediately following the year in which the contributions were made.

To make an election to pass the EITC or OSTC through to the owners in the tax year of the contribution, check the "Yes" box for Line 4 and the "No" box for Line 5.

To make an election to pass the EITC or OSTC through to the owners in the tax year immediately following the year of the contribution, check the "No" Box for Line 4 and the "Yes" box for Line 5.

**IMPORTANT:** Only one box may be checked "Yes" on either line of the election form.

## SIGNATURE & OATH

### Signature of Company Official

A company official who has the authority to bind the pass-through or special purpose entity to the declarations made on Form REV-1123 must sign and date the form. The company official's printed name and title or affiliation to the entity must also be entered in the spaces provided.

## SECTION II

Enter the name, address, SSN, distributive income percentage, the total EITC or OSTC award amount allocated to the owner and the taxable year to which the EITC or OSTC will be applied.

**CAUTION:** The EITC or OSTC must be awarded to each owner per the distributive income percentage to which the owner is entitled. The total of all amounts awarded to the owners cannot exceed the amount reported on Line 1 of SECTION I.

**IMPORTANT:** Married taxpayers with joint ownership in a pass-through entity or special purpose entity must be shown as separate taxpayers for the EITC or OSTC to be applied to each individual taxpayer. The PA-40 tax return may be filed using the Married, Filing Jointly filing status, but the REV-1123 must show them as separate taxpayers.

**NOTE:** If more entity owners exist than space is available on the form, include as many additional Section II sheets as necessary.

## MAILING INSTRUCTIONS

Mail the signed completed REV-1123 to the department on or before the filing of the pass-through or special purpose entity's tax return. Mail the form to:

PA DEPARTMENT OF REVENUE  
BUREAU OF INDIVIDUAL TAXES  
PO BOX 280604  
HARRISBURG PA 17128-0604