

**REV-1123**

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

**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 IDENTIFICATION INFORMATION**

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

- 1a. Enter the amount of the EITC awarded \_\_\_\_\_ and the tax year of the award \_\_\_\_\_. See the instructions.
- 1b. Enter the amount of the OSTC awarded \_\_\_\_\_ and the tax year of the award \_\_\_\_\_. See the instructions.
2. Forwarding pass-through entity FEIN: \_\_\_\_\_
3. Record of contributions. See the instructions.

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
6. For EITC/OSTC awarded after June 30, 2020 and before July 1, 2022, provide the following information:

(a) APPLICATION IDENTIFICATION NUMBER	(b) A/C	(c) AMOUNT OF AWARD OR AMOUNT CARRIED FORWARD	(d) AMOUNT(S) TO BE PASSED THROUGH TO OWNER(S)	(e) AMOUNT(S) TO BE CARRIED FORWARD

**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
Printed Name	Printed Title or Affiliation to the Entity	Telephone Number

**SECTION II ALLOCATION OF CREDIT**

Complete this section for each shareholder, member or partner receiving a pass-through Educational Improvement or Opportunity Scholarship Tax Credit. If additional lines are needed, make a copy of this schedule to ensure all required information is provided.

Name and address of each owner having an interest in the entity. Include name, street, city, state, ZIP.	SSN/FEIN	Distributive income percentage	Total amount of EITC/OSTC credit to pass through to the owner (pass-through amount x% of distributive income to which the owner is entitled)	Taxable year to apply the pass- through EITC/OSTC on behalf of the owner (must be the same for all owners)
	<input type="checkbox"/> QSST	%		
	<input type="checkbox"/> QSST	%		
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# Instructions for REV-1123

## Educational Improvement/Opportunity Scholarship Tax Credit Election

REV-1123 IN (EX) 12-20

### WHAT'S NEW

As a result of Act 136 of November 25, 2020, Educational Improvement Tax Credits and/or Opportunity Scholarship Tax Credits awarded after June 30, 2020 and before July 1, 2022 may be passed through in whole or in part to a pass-through or special purpose entity's owner(s) and unused credits may be carried forward for up to two tax years. Only the original entity awarded the credit may carry forward unused tax credits.

### 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.

 **NOTE:** A separate REV-1123 must be completed by the pass-through entity for each EITC or OSTC award. An EITC and OSTC credit awarded to a pass-through entity in the same tax year must be reported on separate REV-1123s. In addition, if the use of a carryforward amount of EITC or OSTC is reported, separate REV-1123s must be completed which reports only the amount of EITC or OSTC carried forward. Do not combine EITC and OSTC amounts on the same REV-1123 and do not combine EITC and/or OSTC amounts awarded in different tax years.

 **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.

 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


#### IDENTIFICATION INFORMATION

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 1A

Enter the amount of EITC awarded and the tax year the credit was awarded from the award letter sent by the Department of Community and Economic Development. If the credit was received from a pass-through entity, enter the amount of EITC passed through to the pass-through entity and the tax year it was passed-through to the owner.

 **CAUTION:** Enter the amount of the credit award. Do not enter the amount of the contributions. Use Line 3 to report the contribution date(s) and amount(s).

### LINE 1B


Enter the amount of 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 credit was received from a pass-through entity, enter the amount of OSTC passed through to the pass-through entity and the tax year it was passed through to the owner.

 **CAUTION:** Enter the amount of the credit award. Do not enter the amount of the contributions. Use Line 3 to report the contribution date(s) and amount(s).

### 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:** With the exception of a qualified subchapter S trust (QSST), a trust may not pass an EITC or OSTC through to its beneficiary(ies). All estates and all other types of trusts may not pass through an EITC or OSTC to their beneficiary(ies). With the exception of a QSST, 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 Lines 3, 4, 5 and 6.

 **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

The pass-through entity or special purpose entity awarded the EITC or OSTC 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.

### LINE 6

Complete Line 6 only for credits awarded after June 30, 2020 and before July 1, 2022 and only if the entity awarded the credit elects to carryforward unused credits or is reporting the allocation and use of unused credits from a previous tax year.

 **NOTE:** Unused EITC and OSTC credits may only be carried over two tax years by the awarded entity and only if the EITC or OSTC was awarded after June 30, 2020 and before July 1, 2022.

#### Column (a)


Enter the EITC or OSTC Application Identification Number included on the letter from the Department of Community and Economic Development acknowledging the receipt of the proof of contribution.

#### Column (b)

Enter an A if the EITC or OSTC amount reported in Column (c) is the awarded amount in the awarding tax year. Enter a C if the amount reported in Column (c) is an unused amount of EITC or OSTC being carried over from a previous tax year.

#### Column (c)

Enter the amount of the EITC or OSTC award or the amount carried over from a previous tax year.

 **CAUTION:** Do not combine EITC or OSTC awards and/or carry forward amounts awarded in different tax years on the same REV-1123. A separate REV-1123 must be filed for each credit type, each awarded credit and each amount carried forward.

**Column (d)**

Enter the amount of EITC or OSTC from Column (c) to be passed through to the pass-through entity's owners in proportion to their distributive income percentage and as allocated and reported in Section II.

**Column (e)**

If any of the amount of the EITC or OSTC reported in Column (c) will not be passed through to the pass-through entity's owners, enter the amount of the EITC or OSTC to be carried forward by the entity awarded the EITC or OSTC.

## 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

**ALLOCATION OF CREDIT**

Enter the name, address, Social Security number (SSN), federal employer identification number (FEIN), 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. If a qualified subchapter S trust is the owner shown, complete the oval in the SSN/FEIN field.



**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 1A or Line 1B of Section I, or on Line 6, Column (d) 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**