

# Earned Income Tax Credit

## **Act 172 of 2016 & Act 91 of 2020 provides for incentives for Municipal Volunteers of Fire Companies**

- The purpose of Act 172 of 2016 is to allow municipalities to enact a tax credit against an active volunteer's tax liability as a financial incentive to:
  - (1) Acknowledge the value and the absence of any public cost for volunteer fire protection and nonprofit emergency medical services provided by active volunteers.
  - (2) Encourage individuals to volunteer or for former volunteers to consider rejoining as active volunteers in a volunteer fire company or nonprofit emergency medical services agency.
- In 2020, School Districts were added the ability to also provide a local earned income tax as municipalities under Act 172 or 2016. This act is Act 91 of 2020.

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## Process

- Each year the Fire Chief from Lower Providence and Worcester townships will provide Methacton School District with a list of individuals that qualify for these tax credits.
  - To qualify for the tax credit a volunteer must attend/respond to at least 23% of all training activities and emergency calls each year or hold a leadership office in the department. storm basin.
- The tax credit will be applied up to the approved Earned Income amount. Currently the tax is 0.5% on the earned income.

- Options for Credit:

Earned Income	Tax Rate	Tax Credit	Est. Qualifying Individuals	Total Tax Credit
\$ 100,000.00	0.50%	\$ 500.00	110	\$ 55,000.00
\$ 125,000.00	0.50%	\$ 625.00	110	\$ 68,750.00
\$ 150,000.00	0.50%	\$ 750.00	110	\$ 82,500.00
\$ 175,000.00	0.50%	\$ 875.00	110	\$ 96,250.00
\$ 200,000.00	0.50%	\$ 1,000.00	110	\$ 110,000.00