

# EITC Contribution

|                                 | EITC Contribution |                  |                   |
|---------------------------------|-------------------|------------------|-------------------|
|                                 | <u>With</u>       | <u>Without</u>   | <u>Difference</u> |
| PA Pre tax Net Income           | \$1,000,000       | \$1,000,000      | \$0               |
| Less: PA EITC Contribution      | <u>(\$50,000)</u> | <u>\$0</u>       | <u>(\$50,000)</u> |
| Adjusted PA Pre tax Net Income  | \$950,000         | \$1,000,000      | (\$50,000)        |
| Times: PA Corp Net Inc Tax Rate | <u>10.0%</u>      | <u>10.0%</u>     |                   |
| PA CNI Tax                      | \$95,000          | \$100,000        | (\$5,000)         |
| Less: PA EITC Tax Credit at 90% | <u>(\$45,000)</u> | <u>\$0</u>       | <u>(\$45,000)</u> |
| Net PA CNI Tax                  | <u>\$50,000</u>   | <u>\$100,000</u> | <u>(\$50,000)</u> |

# Traditional Contribution

|                                 | Traditional Contribution |                  |                   |
|---------------------------------|--------------------------|------------------|-------------------|
|                                 | <u>With</u>              | <u>Without</u>   | <u>Change</u>     |
| PA Pre tax Net Income           | \$1,000,000              | \$1,000,000      | \$0               |
| Less: Traditional Contribution  | <u>(\$50,000)</u>        | <u>\$0</u>       | <u>(\$50,000)</u> |
| Adjusted PA Pre tax Net Income  | \$950,000                | \$1,000,000      | (\$50,000)        |
| Times: PA Corp Net Inc Tax Rate | <u>10.0%</u>             | <u>10.0%</u>     |                   |
| PA CNI Tax                      | \$95,000                 | \$100,000        | (\$5,000)         |
| Less: PA EITC Tax Credit        | <u>\$0</u>               | <u>\$0</u>       | <u>\$0</u>        |
| Net PA CNI Tax                  | <u>\$95,000</u>          | <u>\$100,000</u> | <u>(\$5,000)</u>  |