



GOVERNOR JOSH SHAPIRO

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**Governor Shapiro, Lt. Gov. Davis, Secretary Browne, & Legislative
Leaders Highlight New Working Pennsylvanians Tax Credit that Will
Cut Costs, Deliver \$193 Million in Tax Relief for 940,000
Pennsylvanians**

The new state-level Earned Income Tax Credit — created in the [2025–26 budget](#) Governor Shapiro signed last week — cuts taxes for working Pennsylvanians.

This is the seventh tax cut signed into law by Governor Shapiro in less than three years.

Modeled after the federal Earned Income Tax Credit (EITC), the state-level credit equals 10 percent of the federal credit — putting more money back in Pennsylvanians' pockets and providing meaningful support to families across all 67 counties.



Harrisburg, PA – Today, **Governor Josh Shapiro**, **Lieutenant Governor Austin Davis**, **Pennsylvania Department of Revenue Secretary Pat Browne**, legislative leaders, and community partners visited the Widener University Commonwealth Law School tax preparation clinic in Dauphin County to highlight how the new **Working Pennsylvanians Tax Credit (WPTC)** — created in the [2025–26 budget](#) the Governor signed last week — will deliver **\$193 million in tax relief** to **940,000 working Pennsylvanians** beginning next tax season.

Modeled after the federal Earned Income Tax Credit (EITC), the new state-level credit equals **10 percent of the federal credit**. Anyone who qualifies for the federal EITC will now **automatically receive both credits**, helping reduce taxes owed and put more money back in hardworking Pennsylvanians' pockets.

The Working Pennsylvanians Tax Credit is the **seventh tax cut** signed into law by Governor Shapiro in just three years and reflects his continued commitment to cutting taxes and lowering costs for working families.

“From day one, I’ve made cutting taxes and lowering costs for working families a top priority,” said **Governor Shapiro**. “Pennsylvanians are feeling the impact of rising costs, and while federal policies have only made that harder, my Administration is focused on cutting taxes and helping working families get ahead. This new Working Pennsylvanians Tax Credit will put up to \$805 back in the pockets of hardworking Pennsylvanians, giving them more resources to support their families. ”

“Working families are doing everything they can to build their American dream, and our job is to make that just a little bit easier,” said **Lt. Gov. Davis**. “Starting next year, nearly a million Pennsylvanians who qualify for the federal Earned Income Tax Credit will automatically receive the new state credit as well — putting meaningful relief directly into the hands of the people who need it most. That support helps families cover essentials, keep up with the cost of raising kids, and strengthens local economies across the Commonwealth.”

Pennsylvanians qualify for the **Working Pennsylvanians Tax Credit** based on income and number of dependents. The maximum state credit is \$805.

Filing will be simple and automatic:

- When Pennsylvanians file their **federal and state taxes**, the **Pennsylvania Department of Revenue** will automatically calculate the state credit.
- Anyone who qualifies for the federal EITC will now **automatically qualify for the state credit**, helping reduce taxes owed and put more money back in hardworking Pennsylvanians’ pockets.
- Free tax preparation services — including the **Widener Commonwealth Law & Central PA Law Clinic**, part of a United Way-led Volunteer Income Tax Assistance (VITA) program — will continue supporting Pennsylvanians with filing assistance.

Last year, the United Way Capital Region’s 20 VITA clinics prepared more than **4,500 federal tax returns**, helping residents secure **\$4.5 million in refunds**.

“Research has consistently shown that children in families who receive the Earned Income Tax Credit are more likely to graduate from high school, go to college, and be employed as adults. The credit also improves the health of families, including reducing babies born with low birthweights,” said **Revenue Secretary Browne**. “These benefits are undeniable — and the credit also has been proven to help low-income workers of all races and ethnicities. That’s why this investment that Governor Shapiro fought for in our new state version of the Earned Income Tax Credit is so important. It’s going to be extremely impactful for nearly one million Pennsylvanians.”

“I’ve seen firsthand how meaningful the federal Earned Income Tax Credit is for the clients we serve,” said **Heidi Neuhaus, Director of the Volunteer Center, United Way of the Capital Region**. “I’m honored to stand with Governor Shapiro as we highlight a brand-new, state-level Earned Income Tax Credit that was just signed into law. This

credit will help nearly a million Pennsylvanians and put more money back into the pockets of the working individuals and families we support every day. Our volunteers were proud to testify before the House Finance Committee in favor of creating a state-level credit, and we are eager to see the positive impact it will have in communities across the Commonwealth. We are grateful to Governor Shapiro and his Administration for making this a priority.”

“We know this tax credit will make a real difference because we hear it from our members every day, in every corner of the state,” said **Karen Showalter, Senior Director, MomsRising**. “So many of them tell us that even though they’re working hard and caring for their families, they still can’t get ahead. More and more are juggling paid work while also caring for young children or aging parents — often both — and struggling to keep everything afloat. Programs like this provide meaningful relief. One of our members in Pittsburgh, a single mom, told us, ‘An extra \$700 isn’t just a number on paper — it’s groceries that stretch a little further, gas in the tank without holding my breath at the pump, and the kind of breathing room that keeps the lights on and the stress down.’”

Examples of the tax credits Pennsylvanians will receive:

- A single working parent with three children earning \$23,300 will receive the maximum of **\$805** from the state credit.
- A single working parent with two children who earns \$50,000 per year will receive the maximum of **\$154** from the state credit.
- A single working parent with three children who earns \$45,000 per year will receive the maximum of **\$349** from the state credit.
- A married couple with two children making \$30,470 will receive **\$715** from the state credit.
- A married couple with three children making \$60,000 will receive **\$183** from the state credit.

This chart shows the maximum federal EITC and the corresponding maximum Working Pennsylvanians Tax Credit — equal to 10 percent of the federal amount — along with the estimated number of Pennsylvanians who will benefit in Tax Filing Year 2025.

| ESTIMATED BENEFICIARIES — Tax Filing Year 2025 | | |
|---|--|--------------------------------------|
| Federal EITC Amount of Credit Maximum | Working Pennsylvanians Tax Credit Maximum | Pennsylvanians Benefiting |

| Qualifying Dependent(s) Claimed | Maximum Federal Credit | Maximum State Credit | Approximate Number |
|---------------------------------|------------------------|----------------------|--------------------|
| Zero | \$649 | \$65 | 261,739 |
| One | \$4,328 | \$433 | 314,291 |
| Two | \$7,152 | \$715 | 230,575 |
| Three or more | \$8,046 | \$805 | 133,641 |
| Total | | | 940,246 |

The Working Pennsylvanians Tax Credit builds on six additional tax cuts Governor Shapiro has enacted since taking office, including:

- **Expanding the [Property Tax/Rent Rebate \(PTRR\) program](#)** — the largest targeted tax cut for seniors in nearly two decades. Last year, more than 522,000 Pennsylvanians received over \$319 million dollars in rebates.
- **Creating the [Employer Child Care Contribution Tax Credit](#)** to help businesses support working parents.
- **Expanding the [Child and Dependent Care Enhancement Tax Credit](#)** — now matching 100 percent of the federal credit. Last year, this credit delivered \$136.5 million to nearly 219,000 working families.
- **Allowing student loan interest deduction** up to \$2,500.
- **Lowering the Corporate Net Income Tax (CNIT)** — saving businesses more than \$1.5 billion, with the rate continuing to drop. This budget cuts the CNIT another half percent.
- **Increasing Net Operating Loss (NOL) deductions** to help small businesses grow.

"As the Trump Administration drives up prices for the average family, we're responding with policies to help Pennsylvania's working families save more of their hard-earned income," said **House Speaker Joanna McClinton**. "I am proud to have steered the Working Pennsylvanian Tax Credit through the House twice this year, because it is good for everyone — saving people money while boosting local economies and helping small businesses."

"I am so honored to have voted for this tax credit — it is truly essential," said **Senator Patty Kim**. "As many of you know, we recently went through a SNAP snafu and saw far too many working families struggling. In the midst of that darkness and uncertainty, Governor Shapiro fought hard to protect them, and we're grateful for that leadership. Now it's our turn as a state to step up, do our part, and give something back to the people who are working to feed their families."

“All across Pennsylvania, working families are doing everything they can to make ends meet,” said **Representative Christina Sappey**. “Many are dual-income households earning modest wages, juggling rent or mortgage payments, child care, health care and everyday essentials. When those basic costs outpace paychecks, families struggle — and our entire economy feels the impact. This new tax credit will support working families and benefit our economy.”

“The working families tax credit is a real win for Pennsylvanians — it puts more money back in your pocket at a time when costs keep rising,” said **Representative Justin Fleming**. “Most Pennsylvanians living in poverty are children, and one of the best ways to secure their future is by making smart, targeted investments like this tax cut that support families and strengthen local economies.”

Thanks to strong fiscal management, the Commonwealth ended FY2024–25 with revenues **\$321 million above projections**, an **\$11 billion surplus**, including nearly **\$8 billion in the Rainy Day Fund** — earning the state its strongest credit ratings in over a decade.

The Widener clinic, part of the Volunteer Income Tax Assistance (VITA) network, partners annually with United Way to offer free tax preparation for low-income Pennsylvanians. Led by Professor Michael Hussey, law students and alumni prepare approximately 250 returns each year and increasingly help residents file PTRR claims.

Governor Shapiro has made cutting costs and delivering support to working families a top priority. The 2025–26 budget reflects that commitment, funding programs that lower everyday expenses, expand opportunity, and strengthen communities across the Commonwealth.

Read more about Governor Shapiro’s [2025-26 budget](#), view the Governor's remarks as prepared [here](#), or watch the Governor’s deliver remarks [here](#).

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