

TAX CREDIT FREQUENTLY ASKED QUESTIONS

What is the Arizona Tax Credit Program?

Arizona Revised Statute §43-1089.01 allows each individual state taxpayer to donate up to \$200 per year to public schools in support of extracurricular activities and claim a dollar-for-dollar state tax credit. Married couples filing joint tax returns may donate and claim a tax credit of up to \$400 per year (\$200 per person). Those who are married and filing separately, as well as single taxpayers, each qualify for a \$200 maximum state tax credit.

What is a tax credit?

A tax credit will allow you to reduce the amount of your tax liability to the state or increase your refund from the state. The amount you donate (up to \$200 for single taxpayers or \$400 for married couples filing jointly) will be the amount you may claim as a state tax credit.

What is the difference between a tax credit and a tax deduction?

A tax credit is a dollar-for-dollar reduction in the actual tax owed. A tax deduction only reduces total taxable income from which the tax owed is calculated.

Who can make a contribution?

Only Arizona residents who file an AZ140 Tax Form are eligible for the tax credit. We can accept donations from non-Arizona residents as well as businesses and corporations; however, they are not eligible for the tax credit.

Must I have children enrolled in school in order to donate?

No, anyone can donate.

Do I have to donate the full \$200 or \$400?

No, any amount donated is appreciated and is eligible for the tax credit up to the \$200/\$400 statutory maximums.

How does this work on my tax return?

For example, if you donate \$200, your state tax credit will be \$200. When you file your state tax return, your state tax liability will be \$200 less, or if you are receiving a refund, your refund will be \$200 more. Either way, you are sending tax dollars directly to the school(s) of your choice instead of the Arizona Department of Revenue.

Can a taxpayer receive a refund of these credits?

No, the credits may only be used to the extent they reduce a tax liability to zero on your Arizona tax return. Any unused amounts may be carried forward for not more than five consecutive taxable years.

What does my donation pay for?

School tax credit donations help pay for recreational and educational activities. Your donation can be designated to the school or program of your choice to provide money for field trips, athletics, the arts, after school tutoring, and more.

What do I receive as proof of this contribution?

If you deliver your donation in person, a receipt will be provided to you at the time the donation is made. If you mail in the completed tax credit donation form with your contribution, a receipt will be mailed to you.

When can I donate?

Right now! All you need to do is fill out the Tax Credit Donation Form and deliver or mail it with your donation amount in check, money order, cashier's check or cash, however, please do not mail cash. Your donation must be postmarked or delivered by December 31 to take advantage of the tax credit for this year.

Who do I contact if I have more questions?

We recommend contacting your tax advisor with questions specific to your individual circumstances and to find out if you could be eligible for a deduction on your federal taxes to the Internal Revenue Service. Please keep in mind that employees of the district are not in a position to give tax advice.