



How Arizona's tax credits work

Arizona offers several "dollar-for-dollar" income tax credits for individuals. They are called "dollar-for-dollar" credits because each one takes a dollar off of your Arizona income tax for each dollar you donate, up to the limits shown in the table on the next page.

You may donate to qualified organizations to claim any or all of these credits in the same year.

The actual amount of the credit used is limited to your Arizona tax liability for the year, although any unused credit will carry over for up to 5 consecutive years.

What's changed recently?

- ◆ Under revised federal tax regulations you may not claim a federal charitable deduction for donations that receive a state tax credit.
- ◆ To claim the state credits, a new code assigned by the AZ DOR to uniquely identify each qualified charity must be provided. See inside for more details.
- ◆ Donations between Jan 1 and Apr 15 may be claimed on either the current or prior year tax return.
- ◆ Starting in 2023, 3 credits are increased by inflation adjustments annually.

For more information, contact your 1st Choice Tax Advisor or visit the Arizona Department of Revenue website: www.azdor.gov/Tax-Credits

2022 Limits	Married Filing Joint	All Others	Due Date
Qualif Charitable Org	\$ 800	\$ 400	4/15/23
Qualif Foster Care Org	\$ 1,000	\$ 500	4/15/23
Public/Charter School	\$ 400	\$ 200	4/15/23
Private School TSO	\$ 2,483	\$ 1,243	4/15/23
2022 TOTAL	\$4,683	\$2,343	4/15/23

2023 Limits	Married Filing Joint	All Others	Due Date
Qualif Charitable Org	\$ 841	\$ 421	4/15/24
Qualif Foster Care Org	\$ 1,051	\$ 526	4/15/24
Public/Charter School	\$ 400	\$ 200	4/15/24
Private School TSO	\$ 2,609	\$ 1,307	4/15/24
2023 TOTAL	\$4,901	\$2,454	4/15/24

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2022 –2023 Arizona Dollar for Dollar Income Tax Credits

www.1stChoiceTaxServices.com



Qualifying Charitable Organization

An individual income tax credit is available for contributions to Qualifying Charitable Organizations (QCO) that provide assistance to low income residents of Arizona, or children who have a chronic illness or physical disability.

Which organizations qualify?

More than 850 community organizations qualify for this credit. For a complete list visit:

<https://azdor.gov/tax-credits/contributions-qcos-and-qfcos>

How much is the credit?

For **2022** the maximum credit to a QCO is **\$800** for married taxpayers and **\$400** for all other taxpayers. For **2023** the maximum credit to a QCO is **\$841** for married taxpayers and **\$421** for all other taxpayers.

Qualifying Foster Care Organization

Beginning in 2016 a separate individual income tax credit is also available for contributions to Qualifying Foster Care Charitable Organizations (QFCO) that provide assistance to Arizona children in the foster care system and meet additional criteria.

Which organizations qualify?

Almost 50 foster care organizations throughout Arizona qualify for this credit. For a complete list visit:

<https://azdor.gov/tax-credits/contributions-qcos-and-qfcos>

How much is the credit?

For **2022** the maximum credit to a QFCO is **\$1,000** for married taxpayers and **\$500** for all other taxpayers. For **2023** the maximum credit to a QFCO is **\$1,051** for married taxpayers and **\$526** for all other taxpayers.

FAQ for both QCO and QFCO

What about umbrella organizations?

Donations made thru payroll deductions to several “umbrella organizations” such as most United Way campaigns, can qualify if the donation is designated to be directed to a QCO or QFCO.

Can I claim both a QCO and QFCO credit?

Yes, you can claim both credits in the same year. File an Arizona Form 321 to claim the QCO credit, and file an new Arizona Form 352 to claim the QFCO credit. Either credit also requires an Arizona Form 301.

What's changed?

Taxpayers are required to include an AZ DOR assigned QCO code and QFCO code on their credit forms 321 and 352 respectively. Codes are available on the AZ DOR website links provided above. Starting in 2023 these credits are increased annually for inflation.

Public/Charter School

An individual may claim a credit for making a contribution or paying fees to a public school for support of extracurricular activities or charter school education program.

Which organizations qualify?

Any public or charter school providing K thru 12 education in Arizona qualifies. For a complete list visit: https://azdor.gov/sites/default/files/media/PUBLICATION_ADESchoolListing.pdf

Do all contributions to a school qualify?

No, only contributions or fees for the following qualified activities and programs:

- Extracurricular activities
- Charter education programs
- Standardized testing fees for college credit or readiness by an educational testing organization
- Preparation courses for standardized testing
- The career and technical industry certification
- Cardiopulmonary resuscitation training

What are extracurricular activities?

Extracurricular activities are school sponsored optional activities that may require enrolled students to pay a fee in order to participate. The activities must supplement the school's education program. Such activities may include, but are not limited to, use of band uniforms, use of equipment or uniforms for athletics, use of scientific laboratory equipment or materials, or in-state or out-of-state trips that are solely for competitive events. Extracurricular activities do not include any senior trips or events that are recreational, amusement or tourist activities.

Do fees I pay for my own child qualify?

Yes. While parents can claim this credit, other taxpayers, such as grandparents and neighbors, also can donate for this credit.

Do contributions to the PTA qualify?

No. Contributions must be made directly to the school, not a school related organization.

How much is the credit?

The maximum credit is **\$400** for married taxpayers and **\$200** for all other taxpayers.

What's changed?

Taxpayers are now required to include the CTDS code assigned to the public or charter school on Form 322.

This credit is not increased for inflation.

Private School Tuition Support Organizations (TSO)

An individual may also claim two separate credits for donating to a scholarship program of a qualified Private School Tuition Support Organization.

Taxpayers who donate the maximum amount allowed under the Credit for Contributions to Private School Tuition Organizations (Arizona Form 323) (“Original”) may make an additional donation to a qualified school tuition organization and claim the additional (“Switcher”) Credit for Contributions to Certified School Tuition Organization – Individuals (Arizona Form 348).

Does tuition paid to a private school qualify?

No. The money must be donated to a qualified tuition support organization which provides scholarships or grants to students. Nor do contributions you designated for your dependent qualify.

Which schools qualify?

A qualified school is a non-governmental primary or secondary school or preschool for handicapped students located in Arizona. For a complete list visit: https://azdor.gov/sites/default/files/REPORTS_sto-i-list.pdf

How much is the credit?

The maximum for this credit is indexed for inflation and changes each year. For **2022** the maximum credit that married taxpayers may claim is **\$2,483** and **\$1,243** for all others. The **2023** limits are: **\$2,609** and **\$1,307**.

There is no “code” required for this credit.

FAQ for all Credits

Do non-cash donations qualify?

No, only monetary donations qualify. Non-cash donations such as food or clothing do not.

What is the deadline for making the contribution?

Beginning in 2016, contributions to any of these organizations, made between January 1 and **April 15th**, may be taken as a credit in either the current or preceding tax year.

Can I claim all of these credits in the same year?

Yes, by donating the maximum for each credit, a married taxpayer could claim a 2022 combined credit of **\$4,683** and **\$2,343** for all other taxpayers. Special rules apply for married taxpayers filing separate returns.