



## 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.

But the tax break doesn't end there—if you itemize your deductions, these donations may also count as a charitable contribution on your federal tax return as well.

So, if you are in a 25% federal tax bracket, you may get back \$1.25 for each dollar you give. That's \$1 off your state tax and 25¢ off your federal tax.

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.

For more information, contact your 1st Choice Tax Advisor or visit the Arizona Department of Revenue website: [www.azdor.gov/TaxCredits](http://www.azdor.gov/TaxCredits)

## 2017 & 2018 Credit Limits

	Married Filing Joint	All Others	Due Date
Qualifying Charitable Organization	\$ 800	\$ 400	4/15/18
Qualifying Foster Care Organization	\$ 1,000	\$ 500	4/15/18
Public School	\$ 400	\$ 200	4/15/18
2017 Private School Tuition Organization	\$ 2,177	\$ 1,089	4/15/18
2018 Private School Tuition Organization	\$ 2,213	\$ 1,107	4/15/19
2017	\$ 4,377	\$ 2,189	
2018	\$ 4,413	\$ 2,207	



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## Arizona Dollar for Dollar Income Tax Credits

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## 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 700 community organizations qualify for this credit. For a complete list visit: [www.azdor.gov/TaxCredits/QualifyingCharitableOrganizations](http://www.azdor.gov/TaxCredits/QualifyingCharitableOrganizations)

### How much is the credit?

The maximum credit to a QCO is **\$800** for married taxpayers and **\$400** 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?

More than 30 foster care organizations throughout Arizona qualify for this credit. For a complete list visit: [www.azdor.gov/TaxCredits/QualifyingCharitableOrganizations](http://www.azdor.gov/TaxCredits/QualifyingCharitableOrganizations)

### How much is the credit?

The maximum credit to a QFCO is **\$1,000** for married taxpayers and **\$500** 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.

## Public 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: [www.azdor.gov/TaxCredits/SchoolTaxCreditsforIndividuals](http://www.azdor.gov/TaxCredits/SchoolTaxCreditsforIndividuals)

### 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. Donations for your dependent, however can not be claimed as a charitable contribution on your federal tax return.

### 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.

## Private School Tuition Org.

An individual may also claim two separate credits for donating to a scholarship program of a qualified Private School Tuition 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 (“Plus”) 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 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 preschool for handicapped students or a non-governmental primary or secondary school located in Arizona. For a complete list visit: [www.azdor.gov/TaxCredits/SchoolTaxCreditsforIndividuals](http://www.azdor.gov/TaxCredits/SchoolTaxCreditsforIndividuals)

### How much is the credit?

The maximum for this credit is indexed for inflation and changes each year. For **2017** the maximum credit that married taxpayers may claim is **\$2,177** and **\$1,089** for all others. The **2018** limits are: **\$2,213** and **\$1,107**.

## 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. However, to also be claimed as a charitable contribution on a federal tax return, the donation must be made by December 31st of that 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 2017 **combined** credit of **\$4,377** and **\$2,189** for all other taxpayers. Special rules apply for married taxpayers filing separate returns.