

# ARIZONA TAX CREDIT REMINDER

By Dennis J. Rogers, CPA, CFP®

It is time for the annual reminder for you to save on your state taxes by taking advantage of the Arizona State tax credits. Arizona provides tax credits for six types of donations. These credits apply directly against your state income tax liability, so you actually get back whatever you give as long as you have a state tax liability. Remember, even if you have a refund, you can benefit from this. It may be used to increase your refund.

**Private School Tuition Tax Credit** \* You can give up to \$1,090 per year, if you are married filing a joint return (\$545 for single persons) to a program that gives scholarship funds to private school students. This amount has been indexed for inflation. See the Arizona Department of Revenue (<https://www.azdor.gov/TaxCredits/SchoolTaxCreditsforIndividuals.aspx>) for a list of qualified programs. The scholarship cannot directly benefit a child who is your dependent. You may make a donation to a qualified tuition organization prior to April 16, 2018 and still take the credit in 2017.

**Additional Private School Tuition Tax Credit** \*

If you fully fund the above credit, you may be able to fund an additional \$1083 (\$542 if single) for the tax credit. This one must be funded by December 31, 2017. It must be for a child who previously attended public schools and has switched to private school for the current year. Once the child makes the switch to private schools and receives the first-year scholarship it may continue for future years.

**Credit for Contributions Made or Fees Paid to Public School** \* You can give up to \$400, if you are married filing a joint return (\$200 for a single person) to your local public school for use toward extra-curricular activities for students or to support character education. You can also claim this credit for fees you pay a public school for extra-curricular activities or character education for your own child. You may make a donation to a school prior to April 16, 2018 and still take the credit in 2017. See the [Arizona Department of Education](http://ade.az.gov/edd/) website for a handy search tool to find qualifying schools in your area: <http://ade.az.gov/edd/>.

**Credit for Contributions to a Qualified Charity** \* You can get a credit, rather than a deduction, for donations to organizations, which have been listed by the [Department of Revenue](http://www.azdor.gov) to be of service to the working poor. The maximum credit is \$800 for a married couple filing jointly (\$400 for a single taxpayer). Four organizations I am aware of that have been listed are [Crisis Pregnancy Centers](#), [Teen Challenge](#), [Phoenix Rescue Mission](#), and [Joni & Friends](#). The Arizona Department of Revenue has a list of qualified organizations on its web site at <https://www.azdor.gov/TaxCredits/QualifyingCharitableOrganizations.aspx>.

**Credit for Qualified Foster Care Charitable Organization** \* You can get a separate credit, rather than a deduction, for donations to organizations, which have been listed by the Department of Revenue to be a qualified foster care organization of up to \$800.00 for a married couple filing jointly (\$400 for a single filer). Organizations which provide services to under age 21 persons in transitional independent living programs now can count toward required services for an organization. You may find qualified foster care organizations on the Arizona Department of Revenue web site at <https://www.azdor.gov/TaxCredits/QualifyingCharitableOrganizations.aspx>.

**The Arizona Military Family Relief Fund Credit**

You can give up to \$400 per year if you are married filing jointly (\$200 for a single person) to this program to help military families. The program can only accept a total of \$1 million in donations, so do it early. You will have to mail a check and they must receive it before December 31<sup>st</sup> to qualify. Find out more and download the giving form at their website at: <https://dvs.az.gov/mfrf>. The \$1 million cap has been reached for 2017, but please keep this in mind for next year's giving.

**What to do!** Time is of the essence, because you have to make the contributions by year-end (or April 15<sup>th</sup> for the Tuition Organization and Public School Fees Credits). If you have not already taken care of these credits and want to do it, here is a quick action plan:

1. Go to [Institute for Better Education](https://www.ibescholarships.org/) (<https://www.ibescholarships.org/>) or [Arizona Christian School Organization](http://acsto.org/) (<http://acsto.org/>) to donate online for the Private School Tuition Credit. You may designate a school and/or a student if you would like. If you do not have a student in mind, please be aware that Phoenix Christian School is working to help increase the number of foster children who can have access to a private school education. You can get information and donate to the program at [www.phoenixchristian.org/fostercare.cfm](http://www.phoenixchristian.org/fostercare.cfm).
2. If you have fully funded the first Private School Tuition Credit and want to do more, go to [Institute for Better Education](https://www.ibescholarships.org/) (<https://www.ibescholarships.org/>) or [Arizona Christian School Organization](http://acsto.org/) (<http://acsto.org/>) and make a separate donation for a child who switched from public to private school. You may be able to do this one for a Phoenix Christian Foster child as well, <http://www.phoenixchristian.org/fostercare.cfm>.
3. Drop off a check at your local public school and make sure they know you want it to go toward this program. See the [Arizona Department of Education](http://ade.az.gov/edd/) link for qualifying schools in your area: <http://ade.az.gov/edd/>.
4. If you have not already given to a qualifying organization during the year, go ahead and do so. [Crisis Pregnancy Centers](http://cpcphoenix.org/) (<http://cpcphoenix.org/>), [Teen Challenge](http://www.tcaz.org/) (<http://www.tcaz.org/>), Phoenix Rescue Mission (<http://phoenixrescuemission.org/>), and [Joni & Friends](http://www.joniandfriends.org/) (<http://www.joniandfriends.org/>) are the ones I know qualify. You can send a check or donate on the web site for any of them or any other organization you want to support.
5. [Arizona Baptist Children's Services](http://www.abcs.org/) (<http://www.abcs.org/>) has a program which qualifies for the adoption credit. You can donate with them on-line or call them to make arrangements. There are many other programs you can find on the [Department of Revenue](http://www.azdor.gov/) web site <http://www.azdor.gov/>, as well.
6. Go to <https://dvs.az.gov/mfrf> and learn about the Military Family Relief Fund and download the form to send your check to them. The \$1 million donation cap has been reached for 2017, but please keep this in mind for early 2018.

\* Source: [www.azdor.gov](http://www.azdor.gov)

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