

Dear Client:

Before the year 2017 ends, you may want to take advantage of the many excellent dollar-for-dollar tax credits available to Arizona taxpayers. These credits allow you to donate your money to worthy causes and offset your state tax liability. It actually reduces the amount of tax you owe the state by the amount of your contribution, though not below zero. There are several types of Arizona credits you can choose from and it is permissible to make donations in all categories listed below in the same year. To qualify for these credits, the donations must be made in cash, check or credit card and a receipt is important documentation for the credits.

Contributions to Public Schools

Arizona law provides a tax credit for contributions to public schools. This dollar-for-dollar credit is good for up to \$200 for single taxpayers and for up to \$400 for married taxpayers. The legislature expanded the scope of the credit, which previously was available only for contributions to support extracurricular activities or character education programs. The credit is now available when made to support preparation courses, materials, fees for standardized testing for college credit or readiness, and contributions to support career and technical education certifications. Donations to schools can be made up to the filing deadline of April 15 and be used as a credit on the 2017 tax return.

Contributions to Qualifying Charitable Organizations (formerly Charities that Assist the Working Poor) and Qualifying Foster Care Charitable Organizations

Beginning in 2017, donations to qualifying charitable organizations and donations to qualifying foster care organizations are claimed as separate credits. The maximum credit for contributions made to qualifying charitable organizations is \$400 for single taxpayers and \$800 for married taxpayers. The maximum credit for contributions made to qualifying foster care charitable organizations is \$500 for single taxpayers or \$1,000 for married taxpayers. Donations to these organizations can be made up to the filing deadline of April 15th and be used as a credit on the 2017 tax return. A complete list of charities that qualify for these credits is on the website of the Arizona Department of Revenue.

Contributions to Private School Tuition Organizations

Giving to a school tuition organization will help a child get a private, elementary or secondary education who otherwise may not be able to afford the tuition. Two credits are available. A taxpayer may claim \$546/\$1,092 (single/married) for the standard private school tuition organization credit AND for those students who switch from public to a private school, an additional credit can be claimed of \$543/\$1,085. Unlike public school contributions, you cannot designate funds for the benefit of a dependent. However, the donation can be made on behalf of a relative who is not your dependent.

Arizona Military Family Relief Fund

This fund is used to help the families of Arizona service members who are currently deployed, have been injured or killed while fighting the Global War on Terror or are facing hardship caused by their deployment. The amount that can be claimed against your tax liability is \$200 for single taxpayers and \$400 for married taxpayers filing jointly. This tax credit, unlike others, cannot carry forward. And, the organization accepts donations annually up to \$1,000,000. After the maximum allowed contribution has been reached, no additional contributions can be made for that year.

In addition to the state credits that you receive for these donations, a deduction is allowed on your federal return.

If you have any questions regarding these credits, please call our office at (602)861-1207.