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2017 Arizona Tax Credit Update

TUCSON (December, 2017) – As you review your charitable contributions for year-end, we'd like to provide you with an update on a few of the popular Arizona tax credits. Remember that only monetary donations can be applied toward these credits. That means the eligible donations must be made by cash, check, or credit card. Be sure to request a receipt and file it with the tax documents that you gather for us.

Below you will find links to lists of qualifying organizations and Arizona publications about the tax credits. We hope this is helpful and invite you to call if you have any questions about this or other tax matters. The following will apply to your 2017 individual income tax returns:

Public School Credit (Form 322):

The maximum credit allowed in 2017 is unchanged from last year. For single taxpayers and heads of household, the credit cannot exceed \$200. For married taxpayers who file a joint return, the credit cannot exceed \$400.

A credit donation made between January 1 and April 15, 2018 can be claimed as a credit for either tax year 2018 OR tax year 2017.

Fees paid to an Arizona public school for your child's participation in extracurricular activities, character education programs, college standardized testing, career and technical industry certification, and CPR training are eligible for the credit. However, such fees are not eligible for a federal charitable deduction.

Private School Tuition Credits (Form 323 and Form 348):

As in 2016, there are two credits available and such donations made between January 1 and April 15, 2018 can be claimed as a credit for either tax year 2018 OR tax year 2017.

For single taxpayers and heads of household, the credits cannot exceed \$546 (**Private** School Tuition Organization aka *Original* STO Credit) plus \$543 (**Certified** (Private) School Tuition Organizations aka *Switcher* STO Credit).

For married taxpayers who file a joint return, the credits cannot exceed \$1,092 (**Private** School Tuition Organization aka *Original* STO Credit) plus \$1,085 (**Certified** (Private) School Tuition Organizations aka *Switcher* STO Credit).

Remember, a taxpayer's donation for the credit cannot be directed to benefit the taxpayer's dependent. Also, credits are prohibited if the taxpayer is engaged in a 'swapping' agreement with another taxpayer. Also see Arizona Publication 707 (link below) for information about claiming a credit for donations made through an S corporation.

Qualifying Charitable Contribution Organization Credit (Form 321):

The maximum credit allowed in 2017 is unchanged from last year. For single taxpayers and heads of household, the credit cannot exceed \$400. For married taxpayers who file a joint return, the credit cannot exceed \$800.

A credit donation made between January 1 and April 15, 2018 can be claimed as a credit for either tax year 2018 OR tax year 2017.

Qualifying Foster Care Charitable Contribution Organization Credit (Form 352):

The maximum credit allowed in 2017 is unchanged from last year. For single taxpayers and heads of household, the credit cannot exceed \$500. For married taxpayers who file a joint return, the credit cannot exceed \$1,000.

A credit donation made between January 1 and April 15, 2018 can be claimed as a credit for either tax year 2018 OR tax year 2017.

Arizona Military Family Relief Fund (Form 340):

The maximum credit allowed in 2017 is unchanged from last year. For single taxpayers and heads of household, the credit cannot exceed \$200. For married taxpayers who file a joint return, the credit cannot exceed \$400.

Only donations made from January 1 through December 31, 2017 qualify for the credit on the 2017 Arizona income tax return. The Arizona Department of Veteran's Services is the administrator of the donations which can be made online at www.azdvs.gov/mfrf. One important catch: This credit has a \$1 million cap. Once total donations in a year reach that amount, excess donations received are returned to the donors.

For 2017, the \$1 million cap was reached as of October 31, 2017. No more credit donations are being accepted.

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AZ publication about the school credits (revised November 2017)

<https://www.azdor.gov/portals/0/brochure/707.pdf>

List of certified School Tuition Organizations (as of 12/4/17)

https://www.azdor.gov/Portals/0/RefundCredits/sto_i_list.pdf

AZ publication about the two charitable contribution credits (revised August 2016)

<https://www.azdor.gov/Portals/0/Brochure/710.pdf>

List of Qualifying Charitable Organizations (as of 12/01/17)

<https://www.azdor.gov/Portals/0/RefundCredits/CertifiedCharities2017.pdf>

List of Qualifying Foster Care Organizations (as of 12/01/17)

<https://www.azdor.gov/Portals/0/RefundCredits/CertifiedFosterCareCharities2017.pdf>