

## Arizona State Tax Credits

The State of Arizona has four tax credits which we would like to remind you of for your consideration as a 2023 tax planning opportunity. These tax credits all have certain things in common such as:

- They all allow a dollar-for-dollar reduction of your Arizona tax liability;
- The credits listed are in lieu of the itemized deduction for donations on your Arizona tax return, (They may be allowed as an itemized state or local tax deduction on your federal tax return.) and,
- These are not refundable tax credits; they can only be used to the extent that they reduce the Arizona tax liability to zero. Any excess for the first four credits can be carried forward for up to five years.

### **\*1. Public School Fee Credit**

A credit of up to \$200 for single taxpayers or \$400 for married taxpayers filing a joint return is available for payment of fees to an Arizona public school or charter school for support of extracurricular activities or character education programs. All public and charter schools in the State of Arizona that provide instruction for grades kindergarten through 12 are eligible for the credit.

### **\*2. Private School Tuition Credit**

For 2023, there are two individual programs for the private school tuition credit. A credit of up to \$655 for single taxpayers or \$1,308 for married taxpayers filing a joint return is available for a cash contribution to a private school tuition organization. Also an additional credit of up to \$652 for a single taxpayer and \$1,301 for married filing joint taxpayers, for cash contributions to certified school tuition organizations. Please note that a donor must fully fund the first credit before they can contribute to the additional credit.

It is important to note that the contribution for the private school tuition credit must be made to a school tuition organization, not the private school.

### **\*3. Credit for Contributions to Qualifying Charitable Organizations**

A credit of up to \$421 for single taxpayers or \$841 for married taxpayers filing a joint return is available for voluntary cash contributions to a qualifying charitable organization. Individuals can ask charitable organizations, or can contact the Arizona Department of Revenue or this office, to see if they are certified.

### **\*4. Credit for Qualified Foster Care Charitable Organizations**

The credit amounts are \$526 for single taxpayers and \$1,051 for married taxpayers for cash contributions to a Qualified Foster Care Charitable Organization.

### **5. Other Credits**

The Arizona Military Family Relief Fund credit is available up to \$200 per individual or \$400 on a joint return. This credit is subject to limitations. Please visit <https://dvs.az.gov> or call us if you are interested in this credit.

**\*Items 1, 2, 3, and 4** - A contribution made by April 15, 2024 may be used as a credit on the prior year taxes. For example, a contribution made to a public school and/or a school tuition organization between January 1, 2024 and April 15, 2024 could be used as a tax credit on either your 2023 or 2024 Arizona income tax return.