



Tempe Preparatory Academy

Arizona Public School Tax Credit

Frequently Asked Questions

What is it?

The Arizona Public School Tax Credit is a unique program that allows individuals to claim a dollar-for-dollar credit on their state taxes for making donations to a public school in support of their extracurricular activities or character education programs. The credit is equal to the amount of the donation, not to exceed \$400 for married couples filing jointly or \$200 for individuals.

What activities does it support?

Tax credit donations are used only to support extracurricular activities, including sports, visual and performing arts, speech and debate, robotics and other special programs.

Who can contribute?

Arizona taxpayers can contribute regardless of whether they have children in school or live in the district in which the receiving school is located. Donations from businesses are always welcome, but do not qualify for the tax credit.

How does it work?

- Make your Tax Credit donation to Tempe Prep by April 15, 2018.
- Tempe Prep will issue you a receipt for the donation. Keep this receipt.
- Use that receipt to prepare Arizona form 322 to deduct the full amount of the donation as a credit on your state tax return.

What if I am expecting a refund?

Your state refund will be increased by the dollar-for-dollar amount of your Tax Credit donation as long as your donation does not exceed your tax liability. For example, your tax liability is \$900 (the amount you owe the state after you have taken all of your deductions). \$1,200 was withheld in state taxes and you are now due a refund of \$300. If you donated \$400 to Tempe Prep, you would immediately increase your expected refund to \$700. (*see restrictions below*)

What if I donate to a private school? Can I still take this credit?

Yes! As long as you have a tax liability of more than the amount of the credits you can take full advantage of other tax credits offered by the state of Arizona (ex. Private school, working poor, foster care).

Could this donation impact my federal taxes?

Yes! A Tax Credit donation to Tempe Prep is a charitable contribution. If you itemize you can also include this donation as a deduction on your federal taxes. You could actually save money by donating to Tempe Prep!

Are there any restrictions?

Yes. You could have a state tax liability of less than the amount you donated if you have a very low taxable income (if, for example, you are a retiree). Also, if you claim a number of state tax credits you might end up going beyond your tax liability. If in doubt, check with a tax professional.

Is there a deadline for making a 2017 Tax Credit donation?

Yes. In order for you to take a credit on your 2017 Arizona taxes you must make the donation between January 1, 2017 and April 15, 2018. Deductions for charitable contributions must be claimed on your federal taxes in the calendar year that they were donated.

The information above should be used only as a guideline and is not intended to substitute for professional tax advice. For more information about charitable contributions to Tempe Prep, please contact Christina Staring, Director of Development, at cstaring@tempeprep.org or (480) 316-8089.

Revised

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