



Shippen, Pope & Associates, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Dear Client,

There are a number of different Arizona credits available to taxpayers. We will provide you with the form number, a description of the credit and the maximum amount of the credit. We are providing the form number so you can reference it when researching various organizations for credits. They will tell you what type of credit is available and what form it needs to be claimed on. Note that you do not need to provide us with the form itself, as we have access to them. (We do need the receipt that the charity or organization will provide you.)

The credit amounts given below are for **2017 returns filed jointly by a married couple**. Single tax returns would be half the amounts listed.

1. **Form 321 – Contributions to Qualifying Charitable Organizations (QCO).** (This used to be known as “The Working Poor Credit.”) This maximum credit for 2017 is \$800. The Arizona Department of Revenue has compiled a list of organizations that qualify for this credit. Here is a link to that list of QCOs. <https://www.azdor.gov/Portals/0/RefundCredits/CertifiedCharities2017.pdf>
2. **Form 352 – Contributions to Qualifying Foster Care Charitable Organizations (QFCO).** The maximum credit is \$1,000, Arizona Department of Revenue has compiled a 1-page list of organizations that qualify for this credit. Here is a link to that list of QFCOs. <https://www.azdor.gov/Portals/0/RefundCredits/CertifiedFosterCareCharities2017.pdf>

Here is a link to a publication (Pub 710) that the state puts out regarding school tax credits claimed on Forms 321 and 352: <https://www.azdor.gov/Portals/0/Brochure/710.pdf>

3. **Form 322 – Credit for Contributions made or Fees Paid to a Public School.** This is the so-called extra-curricular credit. The maximum credit is \$400. Even if you do not have a child in school, you can make this donation for another child (say, a neighbor, friend or relative) and have it go directly to their account. (This is how students sometimes raise money so they can go on a band trip or overseas study trip.) Most schools will qualify for this credit including Charter Schools, we advise that you verify prior to donating.

Beginning in 2016, this credit has been expanded to include character education programs, testing fees for college credit, prep courses for standardized testing and CPR. Some districts and schools have a link on their website to donate online.

Link for Yuma Union High School District:

http://www.yumaunion.org/pages/Yuma_Union_HighSchool_Dist/parents/arizona_tax_credit

Link for Yuma Elementary School District:

http://www.yuma.org/Tax_Credits

(SEE REVERSE)

“Planning Makes a Difference”

200 East 16th Street, Suite 200 Yuma, Arizona 85364 928-726-9470 Fax: 928-726-9400

Link for Harvest Preparatory Academy:

<https://www.harvestprep.com/donate-now/>

4. **Form 323 & Form 348-This is the School Tuition Organization (STO) Tax Credit.** There are two parts to this credit, which is why there are two forms involved—Form 323 and Form 348. The so-called “Original” credit has been around for a number of years, and is computed on Form 323. The maximum credit on Form 323 is \$1,092.00. The second part of this credit is reported on Form 348 and is sometimes referred to as the “switcher” credit. The maximum credit on Form 348 is \$1,085.00. To get the credit on Form 348, you must first donate the maximum credit on Form 323. If you contribute the maximum on both forms, you can claim a total of \$2,177.00. (Note that the Form 348 credit was new in 2013.) We administer one of these programs known as STAY.

Link for STAY:

<http://www.azstay.org/>

Here is a link to a publication (Pub 707) that the state puts out regarding school tax credits claimed on Forms 322, 323, and 348:

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

5. **Form 340-Credit for Donations to the Military Family Relief Fund.** This credit is one that many people have not heard of, but is worth \$400. This credit is capped at a total of \$1 million for all donations in a given tax year. They will hit \$1 million cap in December, so if you want to donate to this, you should do it sooner rather than later. This credit is administered by the Arizona Department of Veterans’ Services. <https://dvs.az.gov/military-family-relief-fund>

The Military Relief Fund has been capped at their annual \$1,000,000 as of 10/31. You may donate for the 2018 tax year.

Note that the deadline for making donations to the first four credits listed above is April 15th of the year following the tax year, The purpose for this is so you can determine what your Arizona tax liability is for the prior year, and then decide how much to contribute to the charity. For example, for 2017 tax returns, you will have until April 15, 2018 to make a donation and claim the credit on your 2017 tax return.

If you donate the maximum to each of the credits, the total for 2017 will be \$4,777. But, here’s the best part; you may qualify for a tax deduction for these donations on your federal return (assuming that you itemize deductions). If you are in the 25% federal tax bracket, your tax savings on your federal return is $25\% \times \$4,777 = \$1,194$. So, you get a credit of \$4,777 from Arizona, and additional savings of \$1,194 on your federal return. Please consult with us prior to making the donation, especially if you are unsure if you will benefit from the credit.

Be sure to let us know if you have any questions. We appreciate your continued confidence! (Feel free to share this information.)