

ARIZONA TAX CREDITS A “WIN-WIN” WAY TO GIVE

Do you know that it is relatively easy to make certain types of charitable donations and receive a direct **credit** against your Arizona income tax? [Note that a tax credit offsets your taxes dollar for dollar.] We will briefly describe four of the most popular - (1) Contributions to Qualifying Charities, (2) Contributions/fees paid to a public school, (3) Contributions to a Private School Tuition Organization and (4) Donations to the Military Family Relief Fund.

Contributions to Qualifying Charitable Organizations

Formerly called “the credit for the working poor,” this \$200 [single or head of household]/\$400 [married filing joint] credit has been revised for 2009. The definition of an eligible charity has been expanded to include not only charities that provide services for needy families/low income residents but also those who serve chronically ill or physically disabled children who are Arizona residents. Charities must go through a certification process in order to be listed by the Arizona Department of Revenue as a qualifying charity. The website for the Arizona Department of Revenue (www.azdor.gov) includes a listing of those charities that have been certified.

The only other requirement is that you must itemize deductions in order to claim this credit on your 2009 tax return. The form used to claim the credit is Arizona Form 321.

*Please note that Interfaith Community Services has been certified as eligible for this credit. For more information or questions, please contact **Bonnie Kampa** at 297-2738 x212.*

School Tax Credits

An Arizona tax credit is available for fees of up to \$200 [single or head of household]/\$400 [married filing joint] paid to a **public school** for support of extra-curricular activities and character education programs. Even fees that you pay for your own child to participate in either an extra-curricular activity or a character education program will qualify for this Arizona credit.

An Arizona tax credit is also available for contributions up to \$500 [single or head of household]/\$1,000 [married filing joint] to a **tuition organization** that provides scholarships or grants to qualified private schools.

The Arizona Department of Revenue website mentioned above also has a publication entitled “School Tax Credits” which includes many details and FAQ regarding these two credits. The forms used to claim these credits are Arizona Forms 322 and 323 respectively.

Donations to the Military Family Relief Fund

An Arizona tax credit is available through December 31, 2012 of up to \$200 [single or head of household]/\$400 [married filing joint] for donations made to a fund which is administered by the Arizona Department of Veterans' Services (ADVS). The amount of eligible donations available each year is limited to \$1,000,000. You should check out the most recent information on their website to see how much has already been donated for 2009. Based on what the website showed on November 11th, there still appears to be plenty of availability.

To claim the credit, you must send your donation to the Arizona Department of Veteran's Services and receive a certification back. The website for the fund is www.azmfrf.gov. This includes further information about how the funds are distributed to the military families and a donation form for you to complete. The form used to claim this credit is Arizona Form 340.

As always, you should consult your personal tax advisor regarding the above tax credits and how they may apply to you. This discussion is intended to be an overview of the credits and does not include a comprehensive analysis of how the credits work in general or in your specific situation.

(Article submitted by Eileen Lamse, CPA - Hammel, Beal & Lauer, PC)

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