

Arizona Public School Tax Credits

This publication provides general information about school tax credits for individuals. For complete details, refer to the Arizona Revised Statutes. In case of inconsistency or omission in this publication, the language of the Arizona Revised Statutes will prevail.

What school tax credits are available to individuals?

An individual may claim a credit for making contributions or paying fees to a public school for support of extracurricular activities or character education programs. An individual may also claim two separate credits for making donations of a certain amount to a qualified school tuition organization for scholarships to private schools.

Who may claim the individual school tax credits?

The individual school tax credits are available only to individuals. Partnerships and S corporations cannot pass these credits through to their partners or shareholders. These credits are also not available to trusts, estates, regular corporations, or S corporations.

What forms does an individual use to claim these credits?

An individual that makes contributions or pays fees to a public school for support of extracurricular activities or character education programs would use Arizona Form 322 to claim this credit.

Can a taxpayer receive a refund of these credits?

No. The credits may only be used to the extent they reduce a tax liability to zero. Any unused amounts may be carried forward for not more than five consecutive taxable years.

On the Arizona state income tax return, can a taxpayer claim both an itemized deduction and a tax credit for a contribution made to either a public school or a school tuition organization?

No. Any amount claimed as a tax credit cannot be taken as an itemized deduction. However, you may still claim any excess over the amount claimed as a credit as an itemized deduction as long as the contribution did not benefit your dependent.

Must a taxpayer have a child in school in order to claim any of these credits?

No.

What do I have to do to qualify for this credit?

To qualify for the credit you must make a monetary contribution or pay fees to a public school for support of

extracurricular activities or for character education programs.

Will I qualify for the credit if I pay fees for my own child to participate in an extracurricular activity or character education program?

Yes, if the fees you pay for your own child to participate in an extracurricular activity or character education program qualify for the credit.

Do contributions I make to the school qualify for the credit?

Yes, if the contributions are in support of extracurricular activities or a character education program.

Must the credit for contributions made or fees paid to a public school be claimed in the year of donation?

No, credit eligible contributions made to an Arizona public school from January 1 through April 15 of a calendar year may be used as a tax credit on the prior year taxes. For example, contributions made to a public school from January 1, 2016 to April 15, 2016 may be used as a tax credit on either your 1) 2015 or 2) 2016 Arizona income tax return.

What is the maximum dollar amount of the credit?

The credit is equal to the amount contributed or the amount of fees paid. However, for single taxpayers or heads of household, the credit cannot exceed \$200. For married taxpayers that file a joint return, the credit cannot exceed \$400. If married taxpayers file separate returns, each spouse may claim 1/2 of the credit that would have been allowed on a joint return.

What is a character education program?

A character education program is a program defined in A.R.S. § 15-719. Under this statute each district may develop its own course of study for each grade. At a minimum, the character education program must include:

- Instruction in the definition and application of at least six of the following character traits: truthfulness, responsibility, compassion, diligence, sincerity, trustworthiness, respect, attentiveness, obedience, orderliness, forgiveness, virtue, fairness, caring, citizenship, and integrity.
- Use of activities, discussions and presentations to illustrate and reinforce the application of the character traits.
- Presentations by teachers or mentors who demonstrate the character traits.

Arizona Public School Tax Credits

What is a fee paid for the support of extracurricular activities?

A fee is a dollar amount paid to a public school for the support of extracurricular activities. It is important to note that at least some monetary amount must be levied to participate in an extracurricular activity in order for the credit to be available.

What are extracurricular activities?

Extracurricular activities are school sponsored activities that require enrolled students to pay a fee in order to participate. Such activities may include, but are not limited to, use of band uniforms, use of equipment or uniforms for varsity athletics, use of scientific laboratory equipment or materials, or in-state or out-of state trips that are solely for competitive events.

Extracurricular activities do not include any senior trips or events that are recreational, amusement or tourist activities. Generally, any optional, noncredit, educational or recreational activities that supplement the education program of the school are considered to be extracurricular activities. A.R.S. § 15-342.24 requires each district school board to determine which activities are extracurricular and what fees will be levied. Fees must not exceed the actual costs of the activity. Fees for the use of scientific or other equipment must be optional and not part of a course taken for credit.

Can a taxpayer make a contribution or pay fees to an organization (e.g., PTA, school foundation, or school club) which then gives the funds in a lump sum to the school or directly pays for extracurricular activities or character education?

No. A.R.S. § 43-1089.01 requires that the fees be paid “to a public school.” Therefore, the payment must be made directly to the public school or district only.

Must a public school issue a receipt to the taxpayer for contributions or payment of extracurricular activity fees?

Yes. The receipt should include the public school name, school district name and number, taxpayer name and address, amount paid, date paid, and a description of the activity being supported.

For Additional Information, call:

Phoenix (602) 255-3381
Toll free from area codes 520 & 928 (800) 352-4090

Or Write to:

Arizona Department of Revenue
Taxpayer Information & Assistance
PO Box 29086
Phoenix AZ 85038-9086

Internet Address www.azdor.gov
This publication is available in an alternative format upon request.

Citations (1):

Arizona Department of Revenue. *Private and Public School Tax Credit Information Publication*. Pub 707. Arizona: June 2014. Web. 10 July 2015.