

Tax Credit FAQ's for La Tierra Community School

What is a Tax Credit?

A tax credit is not a tax *deduction*. A tax credit is a dollar-for-dollar reduction in the actual tax owed. For example, if you owe \$300 in state income taxes and you donate \$200 to a school, you may subtract the \$200 from your tax bill and pay the state just \$100. If you are due a \$300 refund and you donate \$200 to a school, you may subtract the \$200 from your tax bill and your refund will be \$500.

What is the difference between a Tax Credit and a Tax Deduction?

A tax deduction helps to determine how much taxes you owe to the state. A tax credit reduces the amount you owe to the state. By making a tax credit donation to our school, you can reduce the amount you owe to the state, dollar for dollar, until your liability is zero.

Who can make a contribution?

Any individual who pays Arizona State income tax can contribute. Tax Credit contributions can only come from households, not from businesses or corporations.

Do I have to have children enrolled in school?

No. Any Arizona individual paying state income tax can make a tax credit contribution to be used by the school towards extracurricular activities and enrichment programs (i.e. Art, Music, Spanish, Clubs, Fieldwork, etc.)

What is the maximum dollar amount available for this credit?

A.R.S. 43-1089 allows a tax credit of \$200 for individuals and \$400 for married couples filing jointly.

Do I need to donate the full \$200 or \$400?

No – You may donate any amount up to your \$200 (individual) or \$400 (joint). Donations can be made in installments or can be donated all at one time.

Can a taxpayer receive a refund of these credits?

No. Tax Credits may only be used to the extent that they reduce a tax liability to zero on your Arizona tax return. Any unused amounts may be carried forward for five consecutive taxable years. However, if you don't owe State taxes and are due a State tax refund your donation will increase your State tax refund amount dollar for dollar.

When is the Tax Credit available?

Tax Credits are available for the taxable year beginning January 1st. Contributions MUST be received by the school by April 15th of the current school year in order to qualify for that year's tax return.

How do I file for the Tax Credit?

Simply fill out the AZ Form 322 (downloadable from the State) and include it with your state income tax return.

What will my Tax Credit contribution be used for?

All Tax Credit donations made to La Tierra Community School go directly to the extracurricular programs and enrichment activities such as art, music, spanish, and authentic fieldwork, that benefit the education of each and every student.

