



Arizona Tuition Organization

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www.azto.org

TAX YEAR 2018 TIP:

Examining Line 48 on the full Arizona Form 140 (2017) is your tax liability and will give you a feel for how much you can donate, as long as it is less than the tax credit's maximum amount for your filing status. If the donation amount exceeds the tax liability, the difference must be carried over to the following tax year, for up to five tax years. Also, if you donate to multiple types of tax credits, you need to add together all of the tax credits to determine the maximum allowed for that tax year. As always, we recommend you consult with your tax adviser regarding your specific situation. Other credits, deductions, and various factors may apply that would affect your personal result.

Donation Examples for Tax Year 2018

Below are two examples of fictional donors making donations to AZTO and their tax situations.

Example 1 - Mike and Jody

Mike and Jody are married and file their taxes jointly. They have withheld \$1,000 from their paychecks to pay for their Arizona Income Taxes. They correctly estimate that they have a tax liability of \$2,500. For tax year 2018, the State of Arizona allows married couples to contribute up to \$2,213 for the private school tuition tax credit program. The following donations to AZTO will have the following results:

AZTO Tax Credit Donation	Tax Calculation (tax liability - withheld - donation =)	Taxes Owed or Refunded After AZTO Donation
\$0	\$2,500 - \$1,000 - \$0 =	\$1,500 Owe
\$1,000	\$2,500 - \$1,000 - \$1,000 =	\$500 Owe
\$1,500	\$2,500 - \$1,000 - \$1,500 =	\$0
\$2,213	\$2,500 - \$1,000 - \$2,213 =	\$713 Refund

Example 2 - Zach

Zach is single and files his taxes as an individual. He has withheld \$800 from his paycheck to pay for his Arizona Income Taxes. He correctly estimates that he has a tax liability of \$600. For tax year 2018, the State of Arizona allows an individual to contribute up to \$1,107 for the private school tuition tax credit program. The following donations to AZTO will have the following results:

AZTO Tax Credit Donation	Tax Calculation (tax liability - withheld - donation =)	Taxes Owed or Refunded After AZTO Donation
\$0	\$600 - \$800 - \$0 =	\$200 Refund
\$200	\$600 - \$800 - \$200 =	\$400 Refund
\$500	\$600 - \$800 - \$500 =	\$600 Refund + \$100 Carry Forward
\$1,107	\$600 - \$800 - \$1,107 =	\$600 Refund + \$707 Carry Forward

Notice: A School Tuition Organization cannot award, restrict, or reserve scholarships solely on the basis of a donor's recommendation. A taxpayer may not claim the credit if the taxpayer agrees to swap donations with another tax payer to benefit either taxpayer's own dependent.