

We hope you had a great 2016 year. We wanted to provide you with a summary of the more popular tax credits available in Arizona.

Two credits that get the most attention are the **Credit for Contributions Made or Fees Paid to a Public School** and the **Private School Tuition Credit**. You can make contributions that qualify for both of these credits each year.

In order to qualify for the **Credit for Contributions Made or Fees Paid to a Public School**, you must contribute or pay fees to a public school for support of extra-curricular activities or for character education programs. It is available for contributions to public schools to support preparation courses, materials, fees for standardized testing for college credit or readiness and contributions to support career and technical education certifications. The credit is equal to the amount contributed or the amount of fees paid. The maximum credit is **\$400** for married taxpayers that file a joint return and **\$200** for all other filers. We have found that the school and district websites are a great resource to direct funds to a school and program of your choice. **Credit eligible contributions from January 1, 2017 to April 15, 2017 may be used as a tax credit on either your 2016 or 2017 Arizona income tax return.**

In order to qualify for the **Private School Tuition Credit**, you must make contributions to a school tuition organization (STO) that provides scholarships or grants to qualified schools. This credit is equal to the amount contributed. The maximum credit cannot exceed **\$1,090** for married taxpayers that file a joint return and **\$545** for all other filers. **Credit eligible contributions made to an STO from January 1, 2017 to April 15, 2017 may be used as a tax credit on either your 2016 or 2017 Arizona income tax return.**

Once a taxpayer has donated the maximum amount allowed for the **Private School Tuition Credit**, an individual may claim an additional credit for making a donation to a **Certified School Tuition Organization**. The maximum credit cannot exceed **\$1,083** for married taxpayers that file a joint return and **\$542** for all other filers.

The following is a list of other Arizona Credits available in 2016. This list does not include all of the credits available, only the more popular ones.

- **Military Family Relief Fund Credit** - for years 2008 through 2018 this credit is equal to cash donations made to the Military Family Relief Fund up to **\$200** if single, **\$400** if married and filing jointly. This credit is capped at \$1 million and they have already reached it for 2016. It usually is reached by the third week in November but it is one to think about for next year to donate to sooner rather than later. More information about this credit can be found at [www.dvs.az.gov/military-family-relief-fund](http://www.dvs.az.gov/military-family-relief-fund).
- **Contributions to Qualifying Charitable Organizations (QCO)** - donations made to a QCO, up to **\$800** for married taxpayers and **\$400** for all other filers. The Arizona Department of Revenue has compiled an 11-page list of organizations that qualify for the credit. Here is a link to that list of QCO's.  
<https://www.azdor.gov/portals/0/refundcredits/certifiedCharities2016.pdf>
- **Contributions to a Qualifying Foster Care Charitable Organizations (QFCCO)**- donations to a QFCCO, up to **\$1,000** for married taxpayers and **\$500** for all other filers. The maximum credit more than doubled for 2016 compared to the 2015 limit of \$400. Here is a link of the list of qualified organizations.

<https://www.azdor.gov/portals/0/refundcredits/certifiedfostercarecharities2016.pdf>

- **Residential Solar Energy Credit** – is equal to **25 percent** of the cost of the device installed on the tax payer's primary residence or second home. The maximum credit in a taxable year cannot exceed **\$1,000**.
- **Property Tax Credit** - claimants must be at least 65 and have income less than \$3,751 if single or \$5,501 if married.

A complete list of credits can be found [www.azdor.gov/taxcredits.aspx](http://www.azdor.gov/taxcredits.aspx).

Please call our office if you have any questions regarding Arizona credits or other tax questions. We look forward to working with you through the 2016 tax season.

Sincerely,  
Gallacher, Bosen & Goodman, PLLC