

We hope you had a great 2012 year. On your 2011 tax organizer, you've indicated an interest in Arizona tax credits. We wanted to provide you with a summary of the more popular tax credits available in Arizona. All credits except the Private School Tuition Credit, must be paid by December 31, 2012 to be used on your 2012 tax return.

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. 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 when directing the funds to a school of your choice. **THERE WAS NO CHANGE IN 2012 FOR THIS CREDIT**

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 **\$1,006** for married taxpayers that file a joint return and **\$503** for all other filers. Credit eligible contributions made to a STO from January 1, 2013 to April 15, 2013 may be used as a tax credit on either your 2012 or 2013 Arizona income tax return.

Beginning in 2012, an individual may claim an additional credit for making a donation to a School Tuition Organization, only if the individual has donated the maximum amount of the original private school tuition credit. The maximum credit cannot exceed **\$1,000** for married taxpayers that file a joint return and **\$500** for all other filers.

The following is a list of other Arizona Credits available in 2012. 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 up to a **\$400** credit for cash donations made to the Military Family Relief Fund. More information about this credit can be found at www.dvs.az.gov.
- **Contributions to Charities that Provide Assistance to Working Poor** - donations must be made to qualifying charitable organizations, up to **\$400** for married taxpayers and **\$200** for all other filers.
- **Solar Energy Device** - installing a solar energy device in your personal residence.
- **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.

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 2012 tax season.

Sincerely,
Gallacher, Bosen & Goodman, PLLC