

# 2008 Credit for Contributions to Private School Tuition Organizations

**Arizona Form  
323**

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## Phone Numbers

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If you have questions, please call one of the following numbers:

Phoenix	(602) 255-3381
From area codes 520 & 928 toll-free	(800) 352-4090
Form orders	(602) 542-4260
Hearing impaired TDD user	
Phoenix	(602) 542-4021
From area codes 520 & 928 toll-free	(800) 397-0256

You may also visit our web site at: [www.azdor.gov](http://www.azdor.gov)

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## General Instructions

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Arizona law provides a credit for contributions made to a school tuition organization that provides scholarships or grants to qualified schools.

The credit is equal to the amount contributed. However, for single taxpayers or heads of household, the credit cannot exceed \$500. For married taxpayers that file a joint return, the credit cannot exceed \$1,000. If married taxpayers file separate returns, each spouse may claim only ½ of the credit that would have been allowed on a joint return.

If the allowable tax credit is more than your tax or if you have no tax, you may carry the unused credit forward for up to the next 5 years.

This credit is available only to individuals. Corporations may not claim this credit. A partnership may not pass the credit through to its partners. An S corporation may not pass the credit through to its shareholders.

A school tuition organization is an organization that meets all of the following.

- The organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code.
- The organization allocates at least 90 percent of its annual revenue to scholarships or grants.
- The organization makes its scholarships or grants available to students of more than one qualified school.

A qualified school is a nongovernmental primary or a secondary school located in Arizona, or a preschool for handicapped students located in Arizona. The school cannot discriminate on the basis of race, color, handicap, familial status, or national origin. The primary school must begin with kindergarten and the secondary school must end with grade 12.

In the case of a preschool for handicapped students, a handicapped student is a student who has any of the following conditions:

- Hearing impairment.
- Visual impairment.
- Preschool moderate delay.

- Preschool severe delay.
- Preschool speech or language delay.

To determine if your contributions qualify for this credit, you should ask the organization if it meets all of the requirements.

Your donation to the school tuition organization will not qualify for the credit if you designate the donation for the direct benefit of your dependent.

You cannot claim both a tax credit and an itemized deduction for the amount of contributions made to a school tuition organization for which you are claiming a credit.

Before you claim this credit, make sure that the school tuition organization gave you a receipt for the contributions that you made. The receipt should show all of the following:

- the name and address of the school tuition organization
- the name of the taxpayer
- the amount paid
- the date paid

You may want to attach a copy of your receipt(s) to your return.

For more information on school tax credits, see the Arizona Department of Revenue brochure, Pub 707, *School Tax Credits*. To get a copy of this brochure, visit our web site or call one of the numbers listed on this page of these instructions.

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## Line-by-Line Instructions

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### Lines 1a, 1b, and 1c -

Enter the name and address of the school tuition organization to which you made contributions. Also enter the amount contributed to the school tuition organization.

If you made contributions to 2 school tuition organizations, also complete line 1b.

If you made contributions to 3 or more school tuition organizations, complete an additional schedule. The schedule should show the same information required on line 1a for each of the additional school tuition organizations to which you made contributions.

Add the amount of contributions made to all school tuition organizations listed on lines 1a, 1b, and any additional schedule. Enter the total on line 1c.

### Line 2 -

Single taxpayers and taxpayers filing as head of household, enter \$500 here. Married taxpayers enter \$1,000 here.

### Line 3 -

Enter the smaller of line 1c or line 2. If you are filing a separate return, enter ½ of the smaller of line 1c or line 2 here. This is the current year's credit.

### Lines 4 through 9 - Carryover from Prior Taxable Years

Use lines 4 through 9 to figure your total available credit carryover from taxable years 2003 through 2007. Complete lines 4 through 9 if you claimed this credit on a return for one of these years and the credit was more than your tax.

**NOTE:** You may carry over only that portion of the credit that you do not apply to tax. You cannot carry over any amount that you gave that was more than the amount allowed as a credit. **For example:** During 2008, Mary, a single person, gave \$700 to a school tuition organization. For 2008, Mary is allowed a credit of \$500. Mary's 2008 tax is \$400. Mary may carryover \$100 of the unused \$500 credit to 2009. Mary cannot claim any credit for the \$200 gift that was more than the allowable credit (\$700 minus allowable credit of \$500).

In column (b), enter the credit originally computed for the taxable year listed in column (a). In column (c), enter the amount of the credit from that taxable year which you have already used. Subtract the amount in column (c) from the amount in column (b) and enter the difference in column (d). Add the amounts entered on lines 4 through 8 in column (d). Enter the total on line 9, column (d).

**Lines 10 through 12 - Total Available Credit for 2008**

Use lines 10 through 12 to figure your total available credit for 2008.

**Line 10 -**

Enter the amount from line 3 here. If you are married filing a separate return, you may take only 1/2 of the credit that would otherwise be allowed on a joint return.

**Line 11 -**

Available credit carryover from prior taxable years. Enter the amount from line 9, column (d).

**Line 12 -**

Total available credit. Add line 10 and line 11. Enter the total here.

If this is the only credit that you are claiming, and the credit shown on line 12 is equal to or less than your Arizona tax minus the clean elections fund tax reduction, enter the amount from line 12 on **Form 140**, page 1, line 27 **or Form 140PY**, page 1, line 30, **or Form 140NR**, page 1, line 29.

If you are claiming the family income tax credit or other credits from only Forms 310, 321, and/or 322, complete the following worksheet, **or** one of the credit worksheets in the Form 310, 321, or 322 instructions.

<b>Credit Worksheet</b>	
1. Enter your Arizona tax less the clean elections fund tax reduction and family income tax credit if applicable.	
2. Enter the credit from Form 310, line 18.	
3. Enter the credit from Form 321, line 16.	
4. Enter the credit from Form 322, line 12.	
5. Enter the credit from Form 323, line 12.	
6. Add the amounts on lines 2, 3, 4, and 5. Enter the result.	
Compare the amount on line 6 to the amount on line 1. If the amount on line 6 is equal to or less than the amount on line 1, do one of the following:	
<ul style="list-style-type: none"> <li>• <b>If filing Form 140</b>, enter the amount from line 6 on Form 140, page 1, line 27.</li> <li>• <b>If filing form 140PY</b>, enter the amount from line 6 on Form 140PY, page 1, line 30.</li> <li>• <b>If filing form 140NR</b>, enter the amount from line 6 on Form 140NR, page 1, line 29.</li> </ul>	
If the amount on line 6 is more than the amount on line 1, you must complete Form 301.	

If you are claiming nonrefundable credits from forms other than Form 310, 321, 322, and/or 323, you must complete Form 301.

If you have to complete Form 301, enter the amount from Form 323, line 12 on Form 301, page 1, line 15.

**Note:** If you are married, and file a separate return, you may take only one-half of the total credit that would otherwise be allowed on a joint return.