

2024 Credit for Contributions to Certified School Tuition Organizations - Individuals

(For contributions that exceed the maximum allowable credit on Arizona Form 323)

**Arizona Form
348**

For information or help, call one of the numbers listed:

Phoenix (602) 255-3381
From area codes 520 and 928, toll-free (800) 352-4090

Tax forms, instructions, and other tax information

If you need tax forms, instructions, and other tax information, go to the department's website at www.azdor.gov.

Income Tax Procedures and Rulings

These instructions may refer to the department's income tax procedures and rulings for more information. To view or print these, go to our website select the *About* tab on the home page and select *Legal Research* from the drop-down menu and then click on *Procedures* or *Rulings* from the drop-down menu. Using the Category box, select the tax type and then scroll down to find the *Document ID* or use the *Search Keyword* function to locate the document.

Publications

To view or print the department's publications, go to our website select the *About* tab on the home page and select *Legal Research* from the drop-down menu and then click on *Publications* from the drop-down menu.

NOTE: You **must** also complete *Arizona Form 301*, Nonrefundable Individual Tax Credits and Recapture, and include *Forms 301 and 348* with your tax return to claim this credit.

Notice to All Taxpayers

NOTE: To claim a current year's credit on Form 348, you **must** first claim the maximum current year's credit allowed on Arizona Form 323, Credit for Contributions to Private School Tuition Organizations. The amount of credit you must claim on Form 323 depends on your filing status. See Form 323 for these amounts.

If you have a carryover amount from a credit claimed on Form 348 from prior tax years, you do not have to claim the maximum allowable credit on Form 323 to only use a carryover amount on Form 348. If you are claiming only a carryover amount on Form 348, and are not claiming any current year's credit on Form 323, submit only Forms 301 and 348.

For an example of how to calculate the current year credit and carryover credit, if any, see the last page of these instructions.

Arizona Form 348 Credit Carryover Amount from Prior Tax Years

If you claimed an allowable credit on Form 348 on your 2019 through 2023 tax returns and your tax liability was less than your allowable credit, you may have a carryover amount available.

You may use the available credit carryover amount to reduce your 2024 tax liability even if you do not claim a credit on Form 323 for 2024.

General Instructions

Arizona law provides an individual income tax credit for the voluntary cash contributions made to a certified School Tuition Organization (STO) in order to improve education by raising tuition scholarships for children in Arizona.

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.

The amount of current year's contributions that may be claimed on Form 348 is computed **after** the maximum credit is claimed on Form 323 and is based on the excess amount of contributions shown on Form 323, Part 4, line 25.

For 2024, the maximum amount of credit on Form 348 that a taxpayer can establish for the current taxable year is \$728 for single taxpayers or heads of household. For married taxpayers that file a joint return, the maximum amount of credit that a taxpayer can establish for the current taxable year is \$1,451. In most cases, for married taxpayers who file separate returns, each spouse may claim only **one-half** (½) of the credit that would have been allowed on a joint return.

NOTE: The maximum amount of credit established for the current taxable year does **not** include any unused valid carryover amount(s) from prior taxable years. Because this is a nonrefundable credit, the total amount of available credit [current year plus any valid carryover amount(s)] that a taxpayer may use for the taxable year cannot be greater than the tax liability shown.

A cash contribution for which a credit is claimed that is made on or before the fifteenth day of the fourth month following the close of the taxable year may be applied to either the current or preceding taxable year and is considered to have been made on the last day of that taxable year.

FOR CALENDAR YEAR FILERS: Credit eligible cash contributions made to a certified STO from January 1, 2025 to April 15, 2025 may be claimed as a tax credit on either the 2024 or 2025 Arizona income tax return.

If you claim this credit in 2024 for a contribution made from January 1, 2025 to April 15, 2025 you must make an adjustment on your 2024 Arizona Form 140 Schedule A, Form 140PY Schedule A(PY) or A(PYN), or Form 140NR Schedule A(NR).

If the allowable credit is more than your tax or if you have no tax, you may carry the unused credit forward for up to the next five consecutive taxable years' income tax liability.

A certified STO 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% of its annual revenue for educational scholarships or tuition grants.
- The organization makes its scholarships or grants available to students of more than one qualified school.

A “*qualified school*” means a preschool that offers services to students with disabilities, nongovernmental primary or a secondary school that is located in Arizona. The school cannot discriminate on the basis of race, color, handicap, familial status, or national origin and requires all teaching staff and personnel that have unsupervised contact with students to be fingerprinted.

A qualified school does not include a charter school or programs operated by a charter school. The primary school must begin with kindergarten and the secondary school must end with grade 12.

In the case of a preschool that offers services to students with disabilities, a “*student with disabilities*” is a student who has any of the following conditions:

- hearing impairment or visual impairment;
- developmental delay;
- preschool severe delay; or
- speech and/or language impairment.

NOTE: *The Arizona Department of Revenue is required to certify STOs. The department maintains a list of currently certified STOs on its website at www.azdor.gov.*

To qualify for the credit, all contributions must be made to a certified STO. To determine if your contributions made in 2024 and/or 2025 qualify for this credit, you should verify that the STO you made a contribution to is certified. For a list of STOs certified to receive contributions for the individual income tax credit, see the department’s website.

Your cash contribution to the STO will not qualify for the credit if you designate the contribution for the direct benefit of your dependent. For Arizona purposes, “dependent” has the same meaning provided in section § 152 of the IRC. For purpose of this credit, it does not matter if you qualify to take the dependent deduction.

NOTE: *Your contribution will also not qualify if you designate a student beneficiary as a condition of your contribution to the STO. Additionally, the tax credit is not allowed if you agree with another person to designate each other’s contributions to the STO for the direct benefit of each other’s dependent, a practice commonly known as swapping.*

You **cannot** claim both a tax credit and itemized deduction for the amount of contributions made to a certified STO for which you are claiming an Arizona tax credit.

Before claiming this credit, make sure the STO issues you a receipt for the contributions. The receipt should show **all** of the following:

- the name and address of the STO;
- the name of the taxpayer;
- the amount paid; and
- the date paid.

Please keep this receipt with your tax records. For more information on the school tax credits, see the department’s publication, Pub 707, *School Tax Credits*.

NOTE: *You may be able to make credit eligible contributions to a certified STO through payroll withholding. Check with your employer to see if your employer has agreed to withhold contributions that qualify for this credit from your pay.*

Line-by-Line Instructions

Enter your name and Social Security Number (SSN) as shown on Arizona Forms 140, 140PY, 140NR, or 140X.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for an individual is the taxpayer’s SSN or an Internal Revenue Service (IRS) individual taxpayer identification number (ITIN). Taxpayers that fail to include their identification number may be subject to a penalty.

NOTE: *Complete Parts 1, 2, 3, and 4 if you are claiming a new credit for the current tax year.*

*If you are **only** claiming a carryover amount available from a previous credit, complete Parts 3 and 4*

Part 1 – Eligibility

Lines 1a through 1c

For lines 1a through 1c, answer the questions and follow the instructions on the form.

Part 2 - Current Year’s Credit

A. Cash contributions made January 1, 2024 through December 31, 2024

NOTE: *If you are married and filing separate returns, be sure to include all cash contributions made by you and your spouse. You must also include all STOs to which you and your spouse, if married, made contributions to and for which you or your spouse are claiming on a 2024 credit on Form 323.*

Lines 2, 3 and 4

Enter the following for each certified STO to which you made contributions from January 1, 2024 through December 31, 2024 for which you are claiming a current year’s credit on your return:

- Column (a): the date you made the contribution (MM/DD/2024);
- Column (b): name of the certified STO;
- Column (c): street address of the certified STO;

- Column (d): location (city and state) of the certified STO; and
- Column (e): the amount of cash contributions made from January 1, 2024 through December 31, 2024.

NOTE: Do **not** include those cash contributions that you made from January 1, 2024 through April 15, 2024 for which you or your spouse claimed a credit on the 2023 tax return.

If you made cash contributions to more than three certified STOs, complete the Continuation Sheet on page 3, and include it with the credit form.

What if I Made More than Ten (10) Cash Contributions to the Same STO?

If you made more than ten (10) re-occurring monthly donations (or used paycheck deductions) for contributions **to the same STO**, the department will permit the netting/summarizing of the contributions made to the same STO and provision of one common date (for example 12/31/24). Enter the total amount of contributions made in column (e).

Line 5

Enter the amount from line 5h of the Continuation Sheet; otherwise enter "0".

Line 6

Add lines 2 through 5, column (e) and enter the total.

B. Cash contributions made January 1, 2025 through April 15, 2025 for which you or your spouse are claiming a credit on the 2024 tax return

NOTE: If you are married and filing separate returns, be sure to include all cash contributions made by you and your spouse. You must also include **all** STOs to which you and your spouse, if married, made contributions to and for which you or your spouse are claiming a 2024 credit on Form 323.

Lines, 7, 8, and 9

Enter the following for each certified STO to which you made contributions from January 1, 2025 through April 15, 2025 for which you are claiming a current year's credit on your return:

- Column (a): the date you made the contribution (MM/DD/2024)
- Column (b): name of the certified STO;
- Column (c): street address of the certified STO;
- Column (d): location (city and state) of the certified STO; and
- Column (e): the amount of cash contributions made from January 1, 2025 through April 15, 2025.

If you made cash contributions to more than three certified STOs, complete the Continuation Sheet on page 3 of the form, and include it with the credit form.

What if I Made More than Ten (10) Cash Contributions to the Same STO?

If you made more than ten (10) re-occurring monthly donations (or used paycheck deductions) for contributions **to the same STO**, the department will permit the netting/summarizing of the contributions made to the same STO and provision of one common date (for example 04/15/24). Enter the total amount of contributions made in column (e).

Line 10

Enter the amount from page 3, line 10h, of the Continuation Sheet; otherwise enter "0".

Line 11

Add lines 7 through 10, column (e). Enter the total.

Line 12

Add lines 6 and 11. Enter the total.

Line 13 - Maximum Credit Claimed on Form 323

- Single taxpayers and taxpayers filing as heads of household enter \$731.
- All married taxpayers enter \$1,459.

Line 14 - Potential Credit

Subtract line 13 from line 12, and enter the difference.

Line 15 - Maximum Allowable Credit on Form 348

- Single taxpayers and taxpayers filing as heads of household enter \$728.
- All married taxpayers enter \$1,451.

Line 16 - Current Year's Credit to Claim on Form 348

Enter the smaller of line 14 or line 15. If you are married filing a separate return but could have filed a joint return, you may take only one-half (½) of the total credit that would have been allowed on a joint return, up to a maximum of \$728. In this case, enter one-half (½) of the smaller of line 14 or line 15.

Part 3 - Available Credit Carryover

NOTE: Arizona law requires that a taxpayer must claim the maximum credit amount allowed on Arizona Form 323 before claiming a credit for excess contributions on Form 348.

However, you do not have to claim a current year credit on Form 323 to **only** claim a credit carryover amount from prior taxable years on Form 348.

Lines 17 through 22

Complete lines 17 through 22 to figure your available credit carryover from taxable years 2019 through 2023. Complete lines 17 through 22 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. See the example at the end of these instructions.*

- In column (b), enter the credit originally computed for that taxable year listed in column (a).
- In column (c), enter the amount of the credit from that taxable year which you have already used.
- In column (d), subtract the amount in column (c) from column (b) and enter the difference.
- Add the amounts on lines 17 through 21 in column (d).

Enter the total on line 22, column (d).

Part 4 - Total Available Credit

Line 23

Enter the amount from Part 2, line 16. Also, enter this amount on Form 301, Part 1, line 19, column (a).

Line 24

Enter the amount from Part 3, line 22, column (d). Also, enter this amount on Form 301, Part 1, line 19, column (b).

Line 25

Add line 23 and line 24. Enter the total. Also, enter this amount on Form 301, Part 1, line 19, column (c).

REMINDER: *To claim this credit, you **must** first claim the maximum credit allowed on Arizona Form 323, Credit for Contributions to Private School Tuition Organizations.*

The amount of credit you must claim on Form 323 depends on your filing status. See Form 323 for these amounts.

EXAMPLE During 2024, Mary, a single person, gave \$1400 to a certified STO. Mary’s tax liability for 2024 is \$400. Mary claimed the maximum credit amount of \$728 allowed on Arizona Form 323.

Since Mary made a contribution that totaled more than the allowable credit on Arizona form 323, she may claim a credit, on Form 348, up to the maximum amount allowed (for 2024, \$728 for single or head of household; or \$1,451 for married filing joint.)

For 2024, Mary would compute her **available current year’s credit** for Form 348 as follows:

2024 total contributions made	\$ 1,400
Credit claimed on Form 323 for tax year 2024	(\$ 728)
Contributions eligible to use for computing Form 348 credit	\$ 745
Maximum credit on Form 348 that Mary may claim	\$ 728
Contributions exceeding the allowable credit. Mary may not use the amount of the gift, \$93, which was more than the allowable \$652 credit (\$745 minus \$652) to figure her credit on Form 348.	\$ 17

Once Mary computes her credit, she must then determine how much of that credit may be applied to the current year’s tax and how much, if any, may be carried over to a future year.

In this case, Mary has already applied a credit (from Arizona Form 323) against her total tax liability of \$400. Therefore, Mary will have a \$728 carryover on Form 348 for the next taxable year.

Mary will compute her **2024 carryover credit** amount as follows:

Current Year’s Credit	\$ 728
Mary’s 2024 tax liability	\$ 400
Tax credit used – from Arizona Form 323	(\$ 400)
Balance of tax	\$ 0
Amount of current year credit used from Form 348 to off-set taxes	\$ 0
Amount of current year credit from Form 348 available to carryover to next year.	\$ 728