

Corporate Tax Credit Law

43-1183. [Credit for contributions to school tuition organization: definition](#)

- A. Beginning from and after June 30, 2006, a credit is allowed against the taxes imposed by this title for the amount of voluntary cash contributions made by the taxpayer during the taxable year to a school tuition organization that is certified pursuant to chapter 15 of this title at the time of donation.
- B. The amount of the credit is the total amount of the taxpayer's contributions for the taxable year under subsection A of this section and is preapproved by the department of revenue pursuant to subsection D of this section.
- C. The department of revenue:
1. Shall not allow tax credits under this section and section 20-224.06 that exceed in the aggregate a combined total of ten million dollars in any fiscal year. Beginning in fiscal year 2007-2008, the aggregate dollar amount of the tax credit cap from the previous fiscal year shall be annually increased by twenty per cent.
 2. Shall preapprove tax credits under this section and section 20-224.06 subject to subsection D of this section.
 3. Shall allow the tax credits under this section and section 20-224.06 on a first come, first served basis.
- D. For the purposes of subsection C, paragraph 2 of this section, before making a contribution to a school tuition organization, the taxpayer under this title or title 20 must notify the school tuition organization of the total amount of contributions that the taxpayer intends to make to the school tuition organization. Before accepting the contribution, the school tuition organization shall request preapproval from the department of revenue for the taxpayer's intended contribution amount. The department of revenue shall preapprove or deny the requested amount within twenty days after receiving the request from the school tuition organization. If the department of revenue preapproves the request, the school tuition organization shall immediately notify the taxpayer, and the department of insurance in the case of a credit under section 20-224.06, that the requested amount was preapproved by the department of revenue. In order to receive a tax credit under this subsection, the taxpayer shall make the contribution to the school tuition organization within ten days after receiving notice from the school tuition organization that the requested amount was preapproved. If the school tuition organization does not receive the preapproved contribution from the taxpayer within the required ten days, the school tuition organization shall immediately notify the department of revenue, and the department of insurance in the case of a credit under section 20-224.06, and the department of revenue shall no longer include this preapproved contribution amount when calculating the limit prescribed in subsection C, paragraph 1 of this section.
- E. If the allowable tax credit exceeds the taxes otherwise due under this title on the claimant's income, or if there are no taxes due under this title, the taxpayer may carry the amount of the claim not used to offset the taxes under this title forward for not more than five consecutive taxable years' income tax liability.
- F. Co-owners of a business, including corporate partners in a partnership, may each claim only the pro rata share of the credit allowed under this section based on the ownership interest. The total of the credits allowed all such owners may not exceed the amount that would have been allowed a sole owner.
- G. The credit allowed by this section is in lieu of any deduction pursuant to section 170 of the internal revenue code and taken for state tax purposes.
- H. A taxpayer shall not claim a credit under this section and also under section 43-1184 with respect to the same contribution.
- I. The tax credit is not allowed if the taxpayer designates the taxpayer's contribution to the school tuition organization for the direct benefit of any specific student.
- J. The department of revenue, with the cooperation of the department of insurance, shall adopt rules and publish and prescribe forms and procedures necessary for the administration of this section.
- K. For the purposes of this section, "qualified school":
1. Means a nongovernmental primary school or secondary school:
 - (a) That is located in this state, that does not discriminate on the basis of race, color, handicap, familial status or national origin and that satisfies the requirements prescribed by law for private schools in this state on January 1, 2005.
 - (b) That annually administers and makes available to the public the aggregate test scores of its students on a nationally standardized norm-referenced achievement test, preferably the Arizona instrument to measure standards test administered pursuant to section 15-741.
 - (c) That requires all teaching staff and any personnel that have unsupervised contact with students to be fingerprinted.
 2. Does not include a charter school or programs operated by charter schools.

Displaced and Disabled Tax Credit Law

43-1184. [Credit for contributions to school tuition organization: displaced students; students with disabilities: definition](#)

- A. Beginning from and after June 30, 2009, a credit is allowed against the taxes imposed by this title for the amount of voluntary cash contributions made by the taxpayer during the taxable year to a school tuition organization that is certified pursuant to chapter 15 of this title at the time of donation.
- B. The amount of the credit is the total amount of the taxpayer's contributions for the taxable year under subsection A of this section and is preapproved by the department of revenue pursuant to subsection D of this section.
- C. The department of revenue:

1. Shall not allow tax credits under this section and section 20-224.07 that exceed in the aggregate a combined total of five million dollars in any fiscal year.
 2. Shall preapprove tax credits under this section and section 20-224.07 subject to subsection D of this section.
 3. Shall allow the tax credits under this section and section 20-224.07 on a first come, first served basis.
- D. For the purposes of subsection C, paragraph 2 of this section, before making a contribution to a school tuition organization, the taxpayer under this title or title 20 must notify the school tuition organization of the total amount of contributions that the taxpayer intends to make to the school tuition organization. Before accepting the contribution, the school tuition organization shall request preapproval from the department of revenue for the taxpayer's intended contribution amount. The department of revenue shall preapprove or deny the requested amount within twenty days after receiving the request from the school tuition organization. If the department of revenue preapproves the request, the school tuition organization shall immediately notify the taxpayer that the requested amount was preapproved by the department of revenue. In order to receive a tax credit under this subsection, the taxpayer shall make the contribution to the school tuition organization within ten days after receiving notice from the school tuition organization that the requested amount was preapproved. If the school tuition organization does not receive the preapproved contribution from the taxpayer within the required ten days, the school tuition organization shall immediately notify the department of revenue and the department shall no longer include this preapproved contribution amount when calculating the limit prescribed in subsection C, paragraph 1 of this section.
- E. If the allowable tax credit exceeds the taxes otherwise due under this title on the claimant's income, or if there are no taxes due under this title, the taxpayer may carry the amount of the claim not used to offset the taxes under this title forward for not more than five consecutive taxable years' income tax liability.
- F. Co-owners of a business, including corporate partners in a partnership, may each claim only the pro rata share of the credit allowed under this section based on the ownership interest. The total of the credits allowed all such owners may not exceed the amount that would have been allowed a sole owner.
- G. The credit allowed by this section is in lieu of any deduction pursuant to section 170 of the internal revenue code and taken for state tax purposes.
- H. A taxpayer shall not claim a credit under this section and also under section 43-1183 with respect to the same contribution.
- I. The tax credit is not allowed if the taxpayer designates the taxpayer's contribution to the school tuition organization for the direct benefit of any specific student.
- J. The department of revenue shall adopt rules necessary for the administration of this section.
- K. For the purposes of this section, "qualified school":
1. Means a nongovernmental primary school or secondary school or a preschool for handicapped students that is located in this state, that does not discriminate on the basis of race, color, handicap, familial status or national origin and that satisfies the requirements prescribed by law for private schools in this state on January 1, 2009.
 2. Does not include a charter school or programs operated by charter schools.

Premium Tax Credit Law

20-224.06. Premium tax credit for contributions to school tuition organization: low-income scholarships

- A. A credit is allowed against the premium tax liability incurred by an insurer pursuant to section 20-224, 20-837, 20-1010, 20-1060 or 20-1097.07 for the amount of voluntary cash contributions made by the insurer during the tax year to a school tuition organization.
- B. The amount of the credit is the total amount of the insurer's contributions for the tax year under subsection A of this section that is preapproved by the department of revenue pursuant to section 43-1183, subsection D.
- C. The procedures, conditions, limitations, definitions and other requirements prescribed by section 43-1183 and title 43, chapter 15 apply to:
1. Insurers that claim a credit under this section.
 2. Claims for credit under this section.
 3. School tuition organizations that receive contributions from insurers for the purposes of this section.
 4. Schools that qualify to receive scholarship monies contributed by insurers for the purposes of this section.
 5. Students who receive scholarships from monies contributed by insurers for the purposes of this section.
- D. If the allowable amount of a credit under this section exceeds the insurer's state premium tax liability, the amount of the claim not used to offset the premium tax liability may be carried forward as a credit against the insurer's subsequent years' premium tax liability for a period not to exceed five taxable years.
- E. A credit is not allowed if the insurer designates the contribution for the direct benefit of any specific student.
- F. An insurer that claims a tax credit against state premium tax liability is not required to pay any additional retaliatory tax imposed pursuant to section 20-230 as a result of claiming that tax credit.
- G. The department of insurance, with the cooperation of the department of revenue, shall adopt rules and publish and prescribe forms and procedures necessary for the administration of this section.

