

How Does the Arizona Tax Credit Work?

There always seems to be some confusion surrounding the School Tax Credit that is available to Arizona taxpayers, and understandably so. A *tax deduction* only reduces the total income that you must be taxed on. A *tax credit* does not work that way. With the Tax Credit, you are allowed to make a “donation” to the school of up to \$400 per year (or \$200 if filing individually) to help offset the costs of extra-curricular activities for students. You make your donation, then when you file your taxes the following spring, you enter the amount of the donation you made and that amount is 100% fully added back into your refund. Simply put, your refund will increase by the amount you contribute (or subtracted from the amount if you owe taxes).

For example, you make a payment of \$200 to Mountain Pointe Robotics. You can make that payment anytime between now and April 15th, either online or at the Bookstore. At the very end of your tax forms, once you see what you are getting back (or owe), you will enter that \$200 and your refund goes up. Let’s say you were originally going to get \$500 back on your tax return, but when you enter the \$200 you “donated” to the school, you now will get \$700 back! Or let’s say you owe \$200. If you made a Tax Credit donation of \$200, you now owe nothing! This is how you can support education without it costing you a dime because you get all of your donation back. People ask, “What’s the catch?” There is no catch—this is a valid and transparent opportunity—there is only one downside, and that is you obviously can’t get the money you donated back until you file your taxes, which may be a month or so after you make your donation.

Your family or friends who live in Arizona can also do the same thing—donate to the program and get it back as a refund (or subtracted from the amount of taxes owed). You (or your student) can make that payment at the Bookstore with cash, check or credit card. Just make sure you note that it is to go to the Robotics Program. This is critical because if it is not clearly marked “Robotics,” then it will go into a general fund for Mountain Pointe Activities and not to the Robotics Club. As a side note, the \$50 that we pay for our student to be in the Robotics Club is also deductible under the Tax Credit program. If you want to donate only the maximum of \$200 per year per person, then make a donation of \$160 (or \$360 if filing jointly). Of course, you can donate more, but only funds up to \$200 per person is 100% refundable. Anything beyond that you can take as a deduction, but not as a credit.

I admit I didn’t understand the School Tax Credit at first either, until someone explained it to me. I heard the word “taxes” and assumed it was going to cost us somehow. I can’t believe how many years we threw away \$400! So if you have any questions, please don’t hesitate to ask! Thanks for supporting our students!

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