BeachFleischman

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Arizona Tax Credit Alert

The Arizona legislature has retained and expanded some of the incentives for charitable giving for 2025. This alert explains the credits for individuals only. The dollar limits differ depending on marital status. Your payments will make a positive impact on the recipient organization while at the same time reducing your Arizona income tax liability dollar for dollar. Here are descriptions of the credits:

Private School Tuition Organizations – Form 323

The tax credit for contributions to a School Tuition Organization is **$1,535** for "married filing joint" and **$769** for all other taxpayers. The credit is available for a contribution that provides scholarships to students enrolled in Arizona private schools. Your contribution cannot be designated for the direct benefit of your dependent. However, it can be made to benefit a relative or any other student if they are not your dependent. For a list of the 2025 qualified School Tuition Organizations, please visit:

https://azdor.gov/sites/default/files/2023-06/REPORTS_sto-i-list.pdf

PLUS "Switcher" Tax Credit Program – Form 348

The Private Learning Uplifting Students (PLUS) tax credit allows donors to receive credit for a contribution over and above the original tax credit. The Arizona taxpayer must first donate the maximum for the original School Tuition Organization Tax Credit in order to donate an additional amount for the PLUS "Switcher" tax credit. The PLUS "Switcher" credit amount for 2025 is **$1,527** for "married filing joint" and **$766** for all other taxpayers.

Summary of 2025 Private School Tuition Organization Credit Maximums:

Filing Status	**Form 323 "Original" Tax Credit Maximum for 2025**	**Form 348 PLUS Tax Credit Maximum for 2025**	**Combined**
Married Filing Joint	$1,535	$1,527	$3,062
All Other Filers	$769	$766	$1,535

Donations made between **January 1, 2026, and April 15, 2026**, can be claimed as a credit on either your 2025 **or** 2026 state income tax return.

Public School – Form 322

A credit of up to **$400** for "married filing joint" and **$200** for all other filers is available for payment of fees to an Arizona public school or charter school for eligible activities, programs, or purposes. Examples include extracurricular activities, such as athletics, the purchase of playground equipment, supporting meal programs, etc. The fees can be paid for the benefit of your child's participation in a particular activity. Fees must not exceed the actual costs of the activity. Contributions can also be paid to a central fund at the school to fund extracurricular activities for all students. In all cases, the contributions should be made to the individual school. For a list of of public schools eligible for this credit, please visit:

https://azdor.gov/sites/default/files/2023-03/PUBLICATION_ADESchoolListing.pdf

Fees or donations made between **January 1, 2026, and April 15, 2026**, can be claimed as a credit on your 2025 **or** 2026 state income tax return.

Qualifying Charitable Organization (QCO) – Form 321

A credit of up to **$987** for those filing as "married filing joint" and up to **$495** for all other filers is available for cash contributions to a qualifying charitable organization (QCO), including groups that provide immediate basic needs to residents of Arizona who receive temporary assistance for needy families benefits, are low income residents of Arizona, or are individuals who have a chronic illness or physical disability. For a list of Qualifying Charitable Organizations, please visit:

https://azdor.gov/sites/default/files/document/CREDITS_2025_qco.pdf

For all QCOs, a unique 5 digit code has been assigned to each qualifying organization. Please retain a copy of the receipt furnished by the organization that identifies the unique code as the code will need to be reported on your personal Arizona income tax return in order to claim the credit. Note that taxpayers do not have to itemize deductions to claim a credit for contributions to charities that provide qualifying services.

Donations made between **January 1, 2026, and April 15, 2026**, can be claimed as a credit on either your 2025 **or** 2026 state income tax return.

Qualifying Foster Care Charitable Organizations (QFCO) – Form 352

A credit of up to **$1,234** for those filing as "married filing joint" and up to **$618** for all other filers is available for cash contributions to a qualifying foster care organization (QFCO). For a list of Qualifying Foster Care Organizations, please visit:

https://azdor.gov/sites/default/files/document/CREDITS_2025_qfco.pdf

For all QFCOs, a unique 5 digit code has been assigned to each qualifying organization. Please retain a copy of the receipt furnished by the organization that identifies the unique code as the code will need to be reported on your personal Arizona income tax return in order to claim the credit. A contribution to a QFCO does not qualify for, and cannot be included in, a credit claimed as a contribution to a QCO on Form 321.

Donations made between **January 1, 2026, and April 15, 2026**, can be claimed as a credit on either your 2025 **or** 2026 state income tax return.

Arizona Military Family Relief Fund – Form 340

A credit for contributions of up to **$400** for "married filing joint" and **$200** for all other filers is available for contributions made to the Arizona Military Family Relief Fund (MFRF). The MFRF provides financial assistance to service members, Veterans, and their families. Before claiming this credit, you must have received a receipt from the Arizona Department of Veterans' Services that indicates the contribution qualifies for the credit. The donations to this fund are capped at $1 million. The Fund historically reaches its $1M cap before the end of the calendar year, so donors are encouraged to contribute as soon as possible. Here is a link to the organizations that qualify for this credit:

https://dvs.az.gov/donate/military-family-relief-fund-2025

S Corporation Private School Tuition Credits Passed Through to Individual Shareholders

An S corporation that qualifies for the corporate private school tuition credit may elect to pass through the credits to its individual shareholders if the S corporation contributes at least $5,000 to a qualified school tuition organization. The corporation must obtain a copy of the school tuition organization's preapproved application, file this with its Arizona income tax return, and provide its shareholders with Form 335-S and/or 341-S. The shareholders then use Form 335-I and/or 341-I to claim the credits on their personal Arizona income tax returns. These credits may be claimed **in addition** to the two individual private school tuition credits and are not subject to limitations that apply to the individual private school tuition credits. For a list of organizations qualified to receive corporate donations, please visit:

https://azdor.gov/sites/default/files/2023-06/REPORTS_sto-c-list.pdf

Arizona Credits Summary

The credits described above give you the opportunity to direct your tax dollars to the schools and charities of your choice at no cost. The state credits totaling $6,083 for "married filing joint" and $3,048 for all other filers can be claimed all at once for contributions made individually throughout the year. Except for the Arizona Military Family Relief Fund Credit, unused credits will be carried forward for five succeeding years until used.

Receipts should be retained for your records and provided to your tax preparer to account for these credits on your Arizona income tax return. Additionally, Arizona requires all contribution dates to be reported on their respective credit form. Contributions and fees paid by April 15, 2026 (except the Arizona Military Relief Fund and the S Corporation Private School Tuition Credits, which must be paid on or before December 31, 2025) may be claimed on your 2025 income tax return. Under proposed federal tax regulations issued on August 23, 2018, you generally will not receive a federal tax deduction if a donation is allowable as an Arizona tax credit.

If you would like to know more about these credits or find out how they would apply to your specific tax situation for 2025, please contact BeachFleischman PLLC.