



Arizona Tuition Organization

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Frequently Asked Questions (FAQs) 2024-2025 School Year

About Arizona Tuition Organization (AZTO)

What is Arizona Tuition Organization (AZTO)?

School Tuition Organizations (STOs) facilitate Arizona's Private School Tuition Tax Credit Programs. AZTO is a 501c(3) Arizona certified STO that focuses on supporting Christian Education in Arizona. Since 2004, AZTO has issued over \$36 Million in tuition awards to students attending participating schools. Our mission is to make Christian Education affordable and accessible for Arizona students.

What does the Arizona Department of Revenue (ADOR) require of STOs?

As an ADOR certified School Tuition Organization (STO), AZTO meets annual requirements. STOs must allocate at least 90% of its annual revenue to tuition awards and makes its tuition awards available to students from more than one qualified school. AZTO allocates a minimum of 92% of donations received. Annually, AZTO is audited by an independent accounting firm and submits statute required reports to the ADOR. The ADOR certifies all school tuition organizations that are in compliance with the Private School Tuition Tax Credit Requirements.

What are AZTO's Partner Schools?

AZTO participates with the following schools: Northwest Christian School, Dream City Christian Schools, Flagstaff Christian School, North Valley Christian Academy, Paradise Valley Christian Preparatory, Scottsdale Christian Academy, and Trinity Christian School in Prescott.

Student Information

How do I apply to AZTO for my student?

AZTO offers an annual online application at azto.org. AZTO's 2024-2025 Application is available in March 2024. If you are new to AZTO, create a Student Portal Login by registering with the parent's email address and password. Your student's application must provide thoughtful content in a narrative format. General information is also gathered regarding the enrolled school, contact information, and PLUS/Overflow eligibility information. Financial information is collected as directed by the state. A copy of your tax return is not required. AZTO accepts applications throughout the school year. However, we recommend applying before the start of the new school year for AZTO's largest award cycles. A current school year application must be on file and approved prior to the release of any tuition awards.

What information is available in my AZTO Student Portal?

Application status, award details, family landing page, and the ability to update application information are available in your AZTO Student Portal. AZTO updates portal information during each award cycle. One Student Portal per family is suggested as you may register multiple siblings under one email address login. Please save your AZTO Student Portal Login information for future reference.

Is my student eligible for AZTO tuition awards?

- Original Credit Program. The Original Credit is open to all K-12 students attending an AZTO participating school.
- PLUS/Overflow Credit Program. This credit is specific for the following student groups: Kindergarteners, Public/Charter School Switchers, Students homeschooled prior to enrolling, Out-of-State Students prior to enrolling, Students exiting the ESA Program, Military Dependents, Prior Corporate &/or PLUS/Overflow Credit Recipients.

- Low-Income Corporate Credit Program includes all the PLUS/Overflow categories and Prior Original Credit Recipients with an additional income qualifier. This program benefits students from low to modest income households. For example, a household of 4 earning under \$106,000 qualifies.

Are there any restrictions for participation?

In addition to eligibility requirements, several program restrictions also exist. Kindergarten students must be age 5 by January 1st of their kindergarten school year. Current Empowerment Scholarship Account (ESA) recipients are not eligible to receive tax credit awards in the same school year. High income household families may be limited in award participation. A parent or guardian may not make a tax credit donation recommending their own student. Donation Swapping is also strictly prohibited. While recommending a student is allowed, swapping with someone else’s child in exchange for their recommending your own child is restricted. Per the Arizona Private School Tuition Tax Credit Law: *“NOTICE: A SCHOOL TUITION ORGANIZATION CANNOT AWARD, RESTRICT OR RESERVE SCHOLARSHIPS SOLELY ON THE BASIS OF DONOR RECOMMENDATION. A TAXPAYER MAY NOT CLAIM A TAX CREDIT IF THE TAXPAYER AGREES TO SWAP DONATIONS WITH ANOTHER TAXPAYER TO BENEFIT EITHER TAXPAYER’S OWN DEPENDENT.”*

What factors does AZTO considered when issuing tuition awards?

Several factors are evaluated. Such factors include but are not limited to: program eligibility, merits of the student, character, academic awards, leadership, community involvement, other family needs (financial, health, employment, etc.) and recommendations. The desire of the donor will be considered in determining the grant allocation.

When does AZTO issue tuition awards throughout the school year?

AZTO offers six award cycles throughout the school year. Grants are defined as board approved tuition awards from donor recommendations for approved applicants. Grants are awarded four times throughout the school year. Biannual Scholarship Awards are heavily focused on financial need, program eligibility, and special circumstances for approved applicants.

Award Cycles	Donation Deadlines	Award Distribution Timing
July Grant Awards	June 30 th	Mid-July
September Corporate Scholarship Awards	August 31 st	Mid-September
November Grant Awards	October 31 st	Mid-November
January Grant Awards	December 31 st	Mid-January
February Individual Scholarship Awards	December 31 st	Mid-February
May Grant Awards	April 15 th	Mid-May

How does AZTO notify award recipients?

AZTO sends notification emails to all award recipients each award cycle. The recipient is directed to check their AZTO Student Portal for specific award details. Award Verification Letters may be downloaded and saved for your records. Donor recommendation information is not made available to recipient families. The Arizona Department of Revenue considers all donor information confidential.

May a student receive funds from two or more school tuition organizations?

Yes. However, a student may only receive tuition tax credit awards up to the annual cost of tuition. Any excess funds must be returned to the last awarding school tuition organization.

May my student participate with ESA and tuition tax credits in the same school year?

No. Your student may receive funding from only one of these two programs each school year.

My student will be entering a participating private school (K-12) for the 2025-2026 school year. When should we apply to AZTO?

AZTO allows a student to participate in the tuition tax credit program up to one year prior to a student's attendance at a participating private school. If your student will be participating in donor recommendations prior to the launch of AZTO's 2025-2026 Application, please complete the short Pre-Application to register your student. Any potential awards will be held until the appointed school year. AZTO's 2025-2026 Application opens March 2025. Please apply in the spring to be eligible for the first distribution of the new school year, which is typically in July.

Donor Information - Individuals

What are the Individual Private School Tuition Tax Credit Programs?

- **Original Credit Program.** The Original Program was signed into law in 1997 as the first tuition tax credit program in the nation. It allows Arizona tax payers to give to organizations such as AZTO and received a "dollar-for-dollar" credit against their Arizona income tax liability. Tuition awards are issued by AZTO to participating K-12 students. The eligible Original Credit amount is based on filing status and tax year limits, see the below table.
- **PLUS/Overflow Credit Program.** This program was implemented in 2012, essentially doubling the private school tuition tax credit amount. Arizona taxpayers may also claim this donation as a "dollar-for-dollar" income tax credit. Student eligibility is specific for the following student groups: Kindergartners, Mostly Newly Enrolled Students, Former ESA Recipients, Military Dependents, Prior Corporate & Prior PLUS/Overflow Credit Recipients. The eligible PLUS/Overflow Credit amount is based on filing status and tax year limits. See the below table.

Tuition Tax Credits	2024 Original Credit Maximum	2024 PLUS Credit Maximum	2024 Tuition Credits Maximum
Married Jointly	\$1,459	\$1,451	\$2,910
Individual	\$731	\$728	\$1,459
Tax Forms	323/301	348/301	323/348/301

Who may claim these tax credits?

These credits are available only to individuals who file Arizona state income taxes.

How does the tax credit reduce my state income tax liability?

The tuition tax credits may only be used to the extent in which it reduces a tax liability to zero. Any unused amounts may be carried forward up to five years.

How do I donate to AZTO?

You may make a credit card contribution online at www.azto.org. Personal checks are also welcome with a current tax year AZTO Donation Form. AZTO's donation mailing address is a bank lockbox at: PO Box 29661, Dept. 2003 Phoenix, AZ 85038-9661.

May I make a student recommendation with my donation?

You may recommend a specific student with your donation. Donor recommendations are welcome as it provides another perspective from the community of student need or merit. According to Arizona Tax Credit Law, donor recommendations are allowed but must not be a condition of the donation or the only factor for allocating an award. Participating students must have a current approved AZTO application on file to be eligible for an AZTO award.

May I recommend my own student? Or, may I swap recommendations with another family?

No. You may not make a recommended donation on behalf of your own child or legal dependent. This restriction also applies to making an arrangement with another parent or group of parents to exchange recommended donations for your own student. This is strictly prohibited by the Arizona Tuition Tax Credit Law.

What is the deadline to contribute in order to receive the tax credit?

The giving deadline for tax year 2024 is April 15th, 2025. A contribution must be either postmarked by April 15th or received online by midnight on April 15th to be eligible for credit in the previous calendar year.

How will I receive a receipt for my tax credit donation to AZTO?

All donors will receive a receipt via mail by January 31st for a donation made the prior year. If making a donation online, you will additionally receive an email receipt within moments after completing the online donation. For donations received in the first quarter of the year for the prior tax year, receipts are mailed every 3-4 weeks.

Where are the tax forms to claim the credits available?

Arizona Forms 301, 323, and 348 are available at www.azto.org or by visiting the Department of Revenue website: www.azdor.gov/forms/tax-credits-forms. Typically, these forms are available in January for the prior year.

Can a taxpayer participate with the AZTO Tuition Credits and other Arizona credits?

Yes. Arizona offers several donation credit opportunities. An interested donor may want to check their Arizona Income Tax Liability to ascertain how much credit they can claim in a given tax year.

Is my donation that I claim as an Arizona tax credit also eligible for a federal income tax deduction?

No. In 2018, the Federal law changed regarding allowing taxpayers to deduct state tax credits on their Federal return in addition to claiming the state credit. Some taxpayers may be able to deduct the contribution if they do not claim the Arizona tax credit. Please consult your tax advisor to better understand your specific situation.

Donor Information – Businesses

What is the Low-Income Corporate Tuition Tax Credit?

In 2006, Arizona implemented the Low-Income Corporate Tuition Tax Credit. This program allows Arizona businesses to make “dollar-for-dollar” tax credit contributions to organizations such as AZTO. Student recipients from low to modest income households benefit from the program to attend a private school that otherwise may have been out of reach.

What businesses may participate in this credit?

C-Corporations, S-Corporations, many LLCs, and Insurance Companies that pay Premium Taxes may participate in the Corporate Tuition Tax Credit Program.

What is the process for my business to make a Low-Income Corporate Tax Credit Donation to AZTO?

The Arizona Department of Revenue (ADOR) determines the annual aggregate cap available for this credit and must pre-approve donation requests. Each July 1st, the ADOR opens its process for approving corporate credit donation requests. The business submits their Corporate Credit Donation Form Request to AZTO. Following directions from the ADOR, AZTO submits the donation request. Upon ADOR approval, the business then makes their credit donation to AZTO. A receipt will be issued to the participating business. Form 335 is used to claim this credit. See www.azto.org for more details.

How much can my business give?

Corporate credit donations must be at least \$5,000. There is no limit to the donation maximum, other than it must be approved by the ADOR and under the annual fiscal year aggregate cap. The corporate credit may only be used to the extent in which it reduces a tax liability to zero. Any unused amounts may be carried forward up to five years.

Are student recommendations allowed?

The participating business may recommend a specific participating school, but not individual students.

Who receives Low-Income Corporate Tuition Tax Credit Awards?

Students from households with low to modest income with program qualifications are eligible for participation.

For full program details, please visit AZTO.org. These questions and answers are not intended to provide individuals with tax or legal advice. Interested persons should consult the Arizona Department of Revenue, the IRS, or their tax advisor for specific guidance relative to their particular tax situation.