

Tax Credit Scholarship Survey Results

Thank you to everyone who responded to our survey. Below are the answers to questions raised by respondents; we jump around a bit, but we do get to everything!

- The Private School Scholarship Tax Credit is largely identical to the Public School Tax Credit except that (a) the funds must be applied to Scholarships and (b) the Private School Credit is greater.
- Donors can take advantage of both Credits; ie, money can be given to Private School Scholarships and to Public School activities, and both Credits claimed.
- Charter schools are public schools and the Private School Scholarship tax credit is additional to the Public School Credit. Donors may claim either or both credit; we prefer Scholarships at IST take priority.
- The Private School Scholarship Tax Credit is not a deduction. It does not cost any money to take advantage of the Credit – as long as the donor has an Arizona tax liability.
- The Credit follows a donation; a donation must first be made to a School Tuition Organisation (such as IBE www.IBEScholarships.org) to qualify for the Credit. As IBE is a 501-c-3 “not for profit”, donors may generally also claim a federal tax deduction, but as always much depends on each individual situation.
- Donors must have an Arizona tax liability, and anyone anywhere in Arizona with an Arizona tax liability can take advantage of the tax credit. How this liability is incurred (salary, investment income, rental income etc) and its relevance is a question to be referred to a tax accountant or to IBE (www.IBEScholarships.org).
- Most donors have already paid their Arizona taxes through payroll deductions. In this case, they would make a donation (to IBE) and then claim the credit when they submit their tax return, thus effectively “floating” the money for a month or two.
- Donors who are not paying Arizona taxes through payroll deductions may make a donation to IBE and submit the tax receipt with their tax return in lieu of that portion of their Arizona state taxes.
- Donors do not need to have a child at IST to claim the Tax Credit. All that is required are (a) an Arizona tax liability and (b) a desire to help fund a Scholarship at IST.
- The Private School Scholarship Tax Credit does not affect public school funding. There is no indication that Arizona legislators consider the Credit when allocating funds, and the amount of Arizona taxes collected appears to have absolutely no effect on their funding (ie, political) priorities.
- IST prefers that donations be made to the School’s general fund, however the law does allow that a specific child, other than your own, can be recommended for a Scholarship.
- Pre-School children do not qualify for Scholarships, but families can still donate to the IST general fund and claim the Tax Credit.
- Parents and friends of IST should tell anyone and everyone they know of the Tax Credit. The School has standard emails and explanatory letters available to anyone who wants them to send out, and an informational meeting with IBE and a CPA for potential donor questions will be arranged.
- Parents of IST students (P5 and above, and some P4 students) can canvass parents, friends and colleagues to recommend their child(ren) for a Scholarship. However, they cannot recommend their own donation go to their own child(ren).
- We would love a list of people we could contact directly for a donation. We would also love a list of parents’ CPAs and tax firms whom we could approach with information on the Private School Scholarship Tax Credit. Please let us know anyone we could contact.
- The recent court decision covered one specific area – religious groups restricting scholarships to children at religious schools of their specific faith. IST works with IBE (www.IBEScholarships.org) and so should not be affected by this specific ruling.

Thank you to everyone who participated in our survey, and thank you to everyone who has taken advantage of the Arizona Tax Credit to help so many students attend IST. Please remember that this is how we understand the Tax Credit programme, but please remember that we are not tax accountants and you should always seek appropriate advice.