

## Sample Letter 1

*(Parents should personalize this letter to make it more effective. Also, refer to the IBE website, [ibescholarships.org](http://ibescholarships.org), under "Parent Class" to get "Important Facts About the Tax Credit Law" and "Department of Revenue Examples" to send with letters.)*

Dear Family and Friends, *(Make this even more personal by individualizing these names)*

As you may know, we have decided to have CHILD'S NAME(S) attend Casas Christian School next year. We chose the school because of its high academic standards, excellent teachers, and Christian focus. The only draw back is the cost of tuition. Currently, yearly tuition is \$6,252 for K-5 and \$6,952 for 6-8 and it is a struggle for our family to afford the monthly payments. It is even more difficult in our present economy.

However, Arizona has given parents a way to help offset the cost of private education. They allow all Arizona state tax payers to redirect up to \$1,000 of their taxes if they file jointly (\$500 for single filers) towards CHILD'S NAME(S) tuition and receive a dollar-for-dollar state tax credit on their taxes up to their personal tax liability. The tax credit donation must be made to a School Tuition Organization. We have decided to use Institute for Better Education (IBE) because of their reputation of working well with both parents and schools.

To figure out how many tax dollars you can redirect look at line 20 of your Arizona state tax form 140. This is our personal tax liability. This amount will be reduced by the amount of your donation. If your tax liability is \$1,500 and you make a donation of \$500, your tax liability will now be \$1,000. What this means is if you pay taxes at the end of the year you will generally pay less and if you get money back you will generally get more. I have enclosed some examples that might help you better understand how this can help you and us.

There are several ways to make a donation. You can fill out the enclosed form and mail it to IBE or you can go online to [ibescholarships.org](http://ibescholarships.org). You can also make a call at 520-512-5438 to use a credit card over the phone. After you make a donation, they will mail you a receipt and the forms needed to complete your taxes.

We ask that you consider redirecting your tax dollars towards our child's tuition. We really believe that CHILD'S NAME(S) education is worth it. If you have any questions regarding the state tax credit and how it works, please feel free to give IBE a call or go online. They have several examples of how it impacts your taxes along with other important information.

Sincerely,

## Sample Letter 2

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Dear Family and Friends, *(Make this even more personal by individualizing these names)*

Do you want to decide where your state tax dollars go instead of letting the government decide? Arizona has a state tax credit that allows you to redirect your tax dollars to a student at a private school. This tax credit can benefit both of us. You can use the donation to reduce your personal state tax liability. This is a dollar-for-dollar tax credit. If you are married filing jointly you can donate up to \$1,000 (single filers can donate up to \$500).

Line 20 of your AZ state tax form 140 is your personal tax liability. This is the amount that will be reduced by your donation. If your tax liability is \$1,500 and you make a donation of \$500 your tax liability will now only be \$1,000. This means that if you pay taxes at the end of the year you will generally pay less, and if you get money back you will generally get more. I have enclosed some examples that might help you better understand how this can help you and us.

CHILD'S NAME(S) will be in CHILD'S FUTURE GRADE at Casas Christian School in the Fall. Last year he really enjoyed his CHILD's PAST GRADE grade Science class. He also performed in several of the school's musical productions. Casas Christian School is a private school and your redirected tax dollars can be used there. His/Her tuition will be \$6,252 for K-5 and \$6,952 for 6-8 next year. This is a struggle for us and our hope is that you will be able to utilize this tax credit while assisting CHILD'S NAME in continuing to go to the school he/she loves.

Enclosed with this letter is a return envelope, some important facts and a tax credit donation card. If you have any questions regarding the tax credit, feel free to contact The Institute for Better Education. This phone number is 520-512-5438. More information about IBE and the tax credit can also be found online at [ibescholarships.org](http://ibescholarships.org).

We sincerely appreciate your support,

## Sample Letter 3

Dear John:

This is just a quick note to ask you to consider participating in the Private School Tax Credit Program. Since 1998, Arizona has given a dollar-for-dollar tax credit (up to \$500 for single filers and \$1,000 for married filing jointly) when a tax payer contributes on behalf of a child attending private school. The donation must go through a School Tuition Organization (STO), like the Institute for Better Education (IBE), and contributions must be post-marked by April 15th. Your Arizona income tax liability will be reduced by the amount of your donation. Also, if you claim the donation on your Federal taxes, you will need to donate by December 31st of the tax year in which you claim the contribution. Check with your tax preparer to see if this is to your advantage.

I have enclosed a donation envelope with our children's names already filled in for you, or you can go on IBE's website ([ibescholarships.org](http://ibescholarships.org)) and contribute online. In either case, it is pretty quick and makes a big impact on our ability to have the kids attend a great school.

Everyone really does win! Tax payers save money they would have had to pay (up to \$9500 per student) for each child in public school; more children are enabled to attend the school that best meets their needs; and the community benefits through the many civic and volunteer programs that private schools provide (nearly twice the number as public schools).

If you have any questions please call me. You can also speak with the very helpful staff at IBE (520-512-5438).

We appreciate your kind consideration, John. Thanks.

Sincerely,

P.S. If you contribute more than your tax liability... not to worry. You will only get the dollar-for-dollar credit for what your actual liability is for this year – but the rest will carry over for a credit for next year (up to 5 years!).

## Department of Revenue Examples Using Private Scholarship Tax Credit

### Example #1

If your Arizona tax liability is (line 20 of your AZ 140).....	\$1575
Your Private School Tax Credit Donation is.....	\$1000
Net Arizona tax liability (line 30).....	\$575 (\$1575 less \$1000)
Withholdings paid (line 31).....	\$275
Your Refund.....	\$0
Your Tax Due.....	\$300

Without the credit, the taxpayer would have been required to remit a check for \$1300, since the withholding was not sufficient to cover the \$1575 tax liability. Since the credit reduced the liability to \$575, the tax payer only owed \$300 (the difference between \$575 in liability and \$275 in withholding). Therefore, \$300 had to be sent in with the tax return.

### Example #2

If your Arizona tax liability is (line 20 of your AZ 140).....	\$1000
Your Private School Tax Credit Donation is.....	\$1000
Net Arizona tax liability (line 30).....	\$0 (\$1000 less \$1000)
Withholdings paid (line 31).....	\$1100
Your Refund.....	\$1100
Your Tax Due.....	\$0

The refund represents a return to the taxpayer of excess withholding paid. The credit causes a reduction in Arizona tax liability of \$1000 to \$0. The taxpayer paid \$1100 in withholding. Without the credit, the taxpayer would have received a \$100 refund (the difference between \$1000 in liability and \$1100 in withholding). With the credit the refund increases to \$1100 because liability is reduced to \$0.

### Example #3

If your Arizona tax liability is (line 20 of your AZ 140).....	\$0
Your Private School Tax Credit Donation is.....	\$1000
Net Arizona tax liability (line 30).....	\$0
Withholdings paid (line 31).....	\$300
Your Refund.....	\$300
Your Tax Due.....	\$0

The \$0 tax liability amount means that the Private Scholarships Tax Credit (PSTC) cannot be used in this tax year. The refund represents a return to the taxpayer of the withholding paid. The taxpayer has not used the \$1000 credit and should carry it forward to future tax years.

## Donations through State Withholding on Your Paycheck FAQs

### General Overview:

Nearly all employees have state taxes withheld from their paychecks. This program allows the employee to authorize their employer to reduce the amount being taken out in state taxes in order to contribute to a charitable organization. IBE is one such organization. Employer participation in this program is strictly voluntary.

IBE would be glad to help facilitate this process. Please contact our office at (520) 512-5438 if you (or your employer) need assistance.

The primary advantage of using the Payroll Withholding option is that it enables donors to contribute without any up front money.

For example:

If you are paid twice each month and have \$50 withheld in state taxes - that equals \$1,200 per year ( $\$50 \times 2 \text{ paychecks} \times 12 \text{ months}$ ). Let's assume that the \$1,200 is your total state tax obligation. Let's say that you want \$1,000 (your married filing jointly limit) of that \$1,200 to go to IBE. You would authorize your employer to reduce your withholding from \$50 per pay period to \$8.30 ( $24 \text{ pay periods} \times \$41.70 = \$1,000$  and  $\$50 \text{ per paycheck} - \$41.70 = \$8.30$ ). Then your employer would send the state \$8.30 and send IBE \$41.70. You wouldn't experience any difference in your take home pay at all!

### Important Facts:

1. Your total donation withholdings cannot exceed your Arizona state tax withholdings per pay period.
2. The donation withholding will be sent quarterly and will be accepted by payroll data.
3. Please consult your tax advisor regarding your state tax liability, withholding and your donation amounts (\$500 maximum per year for a single filer and \$1,000 maximum for married filing jointly). If your donation exceeds your annual tax obligation, you may carry the balance over and claim it on next year's taxes. You can carry a balance forward for up to 5 years.
4. You may donate up to your maximum (\$500 for a single filer or \$1,000 for married couples) in any configuration you wish. For example: part of the donation through withholdings and the rest by check to IBE.
5. IBE will send year-end receipts by January 31st. Donors who elect to contribute between January 1st and April 15th will be issued receipts as donations are received.

6. Employers will be required to file Arizona Form A1-C with the AZ Department of Revenue each January following the tax year in which the withholding donations were made, or within 15 days of an employee leaving a company. This form is available by clicking [here](#), and the instructions to complete it are [here](#).

References:

[House Bill 2287](#)

ARS 43-401

ARS 43-1089

Arizona Form A1-C




*Institute for Better Education*

911 S. Craycroft Tucson, AZ 85711 • (520) 512-5438 • Fax: (520) 203-0184

## Private School Donation Form

**Donor Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_

**Phone Number:** \_\_\_\_\_ **Email:** \_\_\_\_\_

☐ Check this box if you would like to be an anonymous donor.

**I would like to recommend my gift for scholarship assistance to:**

☐ Specific Private School: \_\_\_\_\_

☐ Specific Student Attending Private School: \_\_\_\_\_

☐ Institute for Better Education's Most Needy Fund

**Amount of My Donation:** \_\_\_\_\_

**Please Process My Donation On:** \_\_\_\_\_

**For receipting purposes, which tax year will this donation be claimed for?** \_\_\_\_\_

### Payment Options:

1. Check Number: \_\_\_\_\_ Please make checks payable to Institute for Better Education or IBE.

2. Visa, MasterCard, Discover or American Express

Credit Card: \_\_\_\_\_ Exp: \_\_\_\_/\_\_\_\_

Donor Signature: \_\_\_\_\_ Date: \_\_\_\_\_

### Did you know?

- You can donate online at **[www.ibescholarships.org](http://www.ibescholarships.org)**
- You can elect to have IBE withdraw your approved donation amount monthly from your credit card or checking account.
- You may be able to have your donation withheld through Arizona state taxes already taken out of your paycheck!

Call our office for more information.

Notice (A.R.S. 43-1603)

A School Tuition Organization cannot award, restrict or reserve scholarships solely on the basis of a 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.