

Corporate Donation Procedures

- Determine:
 - The corporation's tax liability for the current year.
 - How much to donate.
 - When you want to donate and how (quarterly vs. one lump sum).
 - If you would like your funds to go to needy students in a particular school or group of schools. (Please note: final determination of scholarships are at the discretion of the TOPS for Kids board.)
- Complete and submit the Corporate Donor Submission Form to TOPS for Kids.
- TOPS for Kids will request approval from the Department of Revenue.
- The Department of Revenue will respond within 20 days with its determination of the corporation's standing in Arizona, and if the fiscal cap has been met or not. The current cap for contributions for the Corporate Tax Credit is \$24.883 million and \$5 million for the Displaced/Disabled Tax Credit.
- When TOPS for Kids receives the approval letter from the Department of Revenue, it will be forwarded to the corporation, and you will have 10 days to get the designated funds to TOPS for Kids.
- Once the contribution has been completed, the corporation will receive a tax receipt from TOPS for Kids to use when completing your Arizona state taxes.



Notice:

A School Tuition Organization cannot award, restrict or reserve scholarships solely on the basis of a donor's 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. (A.R.S. 43-1089)

History of the Corporate Tax Credit

In 2006 and then in 2008, the Arizona State Legislature passed into law the Corporate Income Tax Credit and then the Displaced/Disabled Corporate Income Tax Credit, which allows a corporation to make a contribution to a qualified STO (School Tuition Organization) and receive a dollar for dollar tax credit up to the total amount of the tax liability. There is no minimum amount a corporation can re-direct, but the law was capped at \$10 million for the fiscal year 2006-2007 with an increase of 20% each year for the Corporate credit (current cap \$24.883 million-fiscal year 2011-2012) and capped at \$5 million for the Displaced/Disabled credit with no inflator.



Through 2009, since the inception of the program (from DOR reports) over \$42 million has been donated and nearly 9,000 children have benefited from those donations.

Each STO is required to use no less than 90% of the corporate contributions to students whose family income does not exceed 185% of the income limit to qualify for a free or reduced lunch program. (See additional chart for specific income levels.)

Scholarships cannot exceed \$4,200 for grades K-8 and \$5,500 for grades 9-12 in 2006 and increases the limitations by \$100 each year thereafter. (Currently, in the 2011-2012 fiscal year the limits are \$4,700 for grades K-8 and \$6,000 for grades 9-12.)



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Arizona's Corporations

Helping Arizona's Children



Arizona's Corporate Tax Credits for Private Schools

Corporate Cap	Displaced/Disabled Cap
\$24.883 million	\$5 million

Who can contribute to this tax credit?

- » Corporations that pay Arizona state income tax or Arizona premium tax
- » "C" corporations
- » "S" corporations that file taxes on a 120 Corporate Income Tax Return
- » Insurance companies who pay a premium tax to Arizona

How much can a corporation give?

- » Up to the corporation's total tax liability for the current year
- » Total donations can't exceed the cap at the time of the submission of the approval form (the current cap is \$24.883 million [Corporate] and \$5 million [Displaced/Disabled])

How does a corporation enroll in this program?

- » Contact TOPS for Kids at (480) 414-8677 or www.TOPStorKids.com
- » Complete and submit the Corporate Donor Submission Form



A Corporate Scholarship Recipient must...

- be entering Kindergarten or transferring from a public or charter school in Arizona
- enroll in a qualified private school
- submit a Public School Attendance Form with their application
- remain enrolled on a full-time basis to continue to receive the scholarship
- have a family income under 185% of the limit for a free or reduced lunch program



Who will benefit from the donation?

- » Disadvantaged children in an unsuccessful public school that fails to meet their needs
- » Displaced children in Arizona's foster care program who need a school best suited for them
- » Children with learning disabilities that need a special school to help them function at their fullest capacity



A Qualified School must...

- be a nongovernmental primary or secondary school located in Arizona
- not discriminate on the basis of race, color, handicap, familial status or national origin.
- fingerprint all teaching staff and any personnel that have unsupervised contact with students
- annually administer a nationally standardized norm-referenced achievement test



Your corporation benefits too!

- » Your customers appreciate a company that leads by example
- » Your employees appreciate a company that aids their children
- » Your support will help grow the next generation of competent leaders
- » We all win when children win!

Read more details at www.TOPStorKids.com