

Tax Credit Examples

See practical examples with descriptions below to find out how the tax credit actually works.

State Tax Information	The Browns	The Smiths	Ms. Jones	Mr. Johnson
Status	Married	Married	Single	Single
State Tax Liability	\$1,100	\$900	\$825	\$825
Withholdings Paid	\$1,250	\$900	\$825	\$0
Net Tax Liability	(\$150)	\$0	\$0	\$825
Tax Credit Contribution	\$1,000	\$1,000	\$500	\$500
Refund from AZ	\$1,150	\$900	\$500	\$0
Taxes Due to AZ	\$0	\$0	\$0	\$325
Carry Forward	\$0	\$100	\$0	\$0

Scenario 1 - The Browns

The Browns are a married couple who have a tax liability of \$1,100. They have withheld \$1,250 from their paychecks during the year, so they should already be receiving a \$150 tax refund. If they make a \$1,000 tax credit contribution, they have now paid in a total of \$2,250 (\$1,250 to AZ and \$1,000 to APESF). Therefore, they will receive a \$1,150 tax refund when they file their taxes that year.

Scenario 2 - The Smiths

The Smiths are a married couple with a tax liability of \$900. They have withheld exactly \$900 from their paychecks, so they have fulfilled their tax obligation for the year. If they make a \$1,000 tax credit contribution to APESF, they will only receive a \$900 refund, and they can carry forward the unused \$100 credit to the next tax year.

Scenario 3 - Ms. Jones

Ms. Jones is a single taxpayer who has a tax liability of \$825. She has withheld exactly \$825 from her paycheck; therefore, she has fulfilled her tax obligation for the year. If she makes a \$500 tax credit contribution, she will receive a \$500 refund.

Scenario 4 - Mr. Johnson

Mr. Johnson is a single taxpayer who has a tax liability of \$825. He has paid nothing to the state during the year. If he makes a \$500 tax credit contribution to APESF, his tax liability will be \$325 at the end of the year.



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