

## 2020 Credit for Donation of School Site

**For information or help, call one of the numbers listed:**

Phoenix (602) 255-3381  
From area codes 520 and 928, toll-free (800) 352-4090

**Tax forms, instructions, and other tax information**

If you need tax forms, instructions, and other tax information, go to the department's website at [www.azdor.gov](http://www.azdor.gov).

**Income Tax Procedures and Rulings**

These instructions may refer to the department's income tax procedures and rulings for more information. To view or print these, go to our website and click on *Reports & Legal Research* then click on *Legal Research* and select a Document Type and Category from the drop down menus.

**Publications**

To view or print the department's publications, go to our website and click on *Reports & Legal Research*. Then click on *Publications*.

### General Instructions

This credit provides nonrefundable individual income tax credits for the donation of real property and improvements to an Arizona school district or Arizona charter school for use as a school or as a site for the construction of a school.

**NOTE:** *Taxable year 2019 was the last year a corporate taxpayer could claim this credit. S corporations may not claim this credit at the corporate level or pass it through to its shareholders. A partnership may not pass this credit through to its corporate partners; it may, however, pass this credit through to its individual partners.*

**To qualify for the credit:**

- The real property and improvements must be located in Arizona.
- The donor must convey the real property and improvements unencumbered and in fee simple, except that there must be a deed restriction and protective covenant related to the use of the property.
- The value of the donated property must be determined by an appraisal as defined in Arizona Revised Statutes (A.R.S.) § 32-3601 that is conducted by an independent party and is paid for by the donee.
- The conveyance shall not violate the provisions of A.R.S. §§ 15-341(D) or 15-183(U).
- The donor must record the appropriate lien on the property donated to an Arizona charter school. The tax credit constitutes a lien on the property. The lien is the amount of the allowable tax credit adjusted by the gross domestic product (GDP) price deflator, as defined in A.R.S. § 41-563, with a maximum of 12.5% over the allowable tax credit.
- An Arizona school district shall not accept the donation unless the school facilities board has reviewed the proposed donation and has issued a written determination that the real property and improvements are suitable as a school site or as a school.

On written request of the donee, the donor must disclose in writing to the donee the amount of the allowable tax credit for the property received by the donee.

**NOTE:** *This tax credit is in lieu of a deduction in the computation of Arizona gross income for the donation of the property for which the credit is claimed.*

**INDIVIDUAL TAXPAYERS:** *The taxpayer cannot claim both the tax credit and an itemized deduction for the donation of a school site. If the taxpayer claims the credit and itemizes deductions on the Arizona return, the taxpayer must exclude the amount of the charitable deduction otherwise allowed for the donation of the school site.*

**EXAMPLE:** *A taxpayer that donates a \$2,000,000 property would receive a credit of \$600,000 (\$2,000,000 x 30%).*

**IF THE TAXPAYER IS AN INDIVIDUAL THAT ITEMIZES DEDUCTIONS,** *then the charitable contribution deduction must exclude the \$2,000,000 donation.*

### Specific Instructions

Complete the name and taxpayer identification number (TIN) section at the top of the form. Indicate the period covered by the taxable year. Include the completed form with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a partnership is its EIN. The TIN for an individual is the taxpayer's Social Security Number (SSN) or an Internal Revenue Service individual taxpayer identification number. Taxpayers that fail to include their TIN may be subject to a penalty.

**NOTE:**

- **Individual taxpayers:** *Complete this credit form and Arizona Form 301, Nonrefundable Individual Tax Credits and Recapture. Include both completed forms with your tax return.*
- **Partnerships passing this credit through to its individual partners:** *Complete this credit form and Form 331-P for each individual partner of the partnership. Provide each individual partner a copy of his or her completed Form 331-P. Include Form 331 and one copy of each completed Form 331-P with your tax return.*

### Part 1 - Donated Property Information and Current Taxable Year's Credit Calculation

Enter each donated property for which this credit is claimed in the columns, Property 1, Property 2, or Property 3. If more than three parcels were donated, complete a continuation sheet and include it with this form. Complete lines 1 through 6 for the property listed in each column.

**Line 1**

Enter the name of the Arizona county in which the donated property is located.

**Line 2**

Enter the parcel number of the donated property.

**Line 3**

Enter the date on which the property conveyance was recorded.

**Line 4**

Enter the recording number of the property conveyance.

**Line 5**

Enter the value of the donated property based on appraisal.

**Line 6**

Multiply the amounts in each column of line 5 by 30%.

**Line 7**

Add the amounts in each column of line 6. Enter the total.

**Line 8**

Enter the total contribution(s) from any continuation sheets.

**Line 9**

Enter the amount of credit passed through from partnerships on Form 331-P, line 3(c).

**Line 10**

Add lines 7 through 9. Enter the total. This is the current taxable year's Credit for Donation of School Site.

**Part 2 - Partnerships**

A partnership claiming this credit *must* pass it through to its individual partners. Skip to the instructions for completing Form 331-P on page 4.

- Complete one Form 331-P for each individual partner.
- Provide a completed copy of Form 331-P to each individual partner.
- Include a copy of each completed Form 331-P with your tax return.
- Keep a copy of each completed Form 331-P for your records.
- Do not complete the remainder of this form.

Each individual partner is entitled to only a *pro rata* share of each credit based on the individual partner's ownership interest in the partnership. The total of each credit allowed to all individual partners may not exceed the amount that would have been allowed for a sole owner.

**NOTE:** *Trusts and estates which are partners in a partnership are not eligible to claim these credits. However, the share of a partnership owned by a grantor trust that is disregarded for federal income tax purposes is treated as owned by the grantor. The grantor may claim his or her share of these credits.*

**Part 3 - Available Credit Carryover**

Complete Part 3 only if the allowable credit for donation of school site for prior taxable years exceeded the Arizona income tax liability for those taxable years. Calculate the total available carryover of the credit for donation of school site on page 2, Part 3, lines 11 through 15.

**Lines 11 through 15**

Complete lines 11 through 15 as follows:

- Enter the applicable tax years in column (a).
- Enter the amount of the original environmental technology facility credit for each taxable year in column (b).
- Enter the amount of the credit for each taxable year that was previously used in column (c).
- Subtract the amount for each taxable year in column (b) from the amount for each taxable year in column (c). Enter the difference for each taxable year in column (d).

**Line 16**

Add the amounts entered in column (d) for lines 11 through 15. Enter the total. This is the total credit carryover available for the current taxable year.

**Part 4 - Total Available Credit****Line 17 – Current Year Credit**

*Individuals* - enter the current year's credit from Part 1, line 10.

*Partnerships* - enter "0".

This is the current taxable year's credit for donation of school site.

*Individuals* - Also, enter this amount on Form 301, Part 1, line 13, column (a).

**Line 18 – Available Credit Carryover**

*Individuals* - enter the amount from Part 3, line 17, column (d). This is the total available credit carryover.

*Individuals* - Also enter this amount on Form 301, Part 1, line 13, column (b).

**Line 19 – Total Available Credit**

*Individuals* - add line 17 and line 18. Enter the total. This is the total available credit for donation of school site that may be applied to the current taxable year's tax liability.

*Individuals* - Also, enter the total on Form 301, Part 1 line 13, column (c).

---

---

**Form 331-P,  
Distribution to Individual Partners of a  
Partnership**

---

Enter the taxable year for which this credit is being passed through to your individual partners.

Complete Form 331-P for each individual partner of the partnership, *except for* trust or estate partners. However, a partnership ownership share that is owned by a grantor trust that is disregarded for federal income tax purposes is treated as owned by the grantor. The grantor may claim his or her share of the credit.

The partnership must furnish each individual partner with their completed copy of Form 331-P, including additional schedules as needed.

**Distribution of the Credit**

**To distribute the credit to the individual partners of the partnership (complete lines 1 through 3c):**

**Line 1**

Enter the partnership's name and EIN in the spaces provided.

**Line 2**

Enter the individual partner's name and TIN in the spaces provided.

**Line 3a**

Enter the amount of this credit from Form 331, Part 1, line 10 for which this partnership was approved.

**Line 3b**

Enter the individual partner's ownership percentage.

**Line 3c**

Multiply line 3(a) by line 3(b) and enter the result.

**This is the individual partner's portion of this credit.**

**Line 4**

Enter the individual partner's portion of the expenses for the donation of the property as a school site.