

2024 Credit for Business Contributions by an S Corporation to School Tuition Organizations - Individual

Arizona Form 335-I

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.

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 select the *About* tab on the home page and select *Legal Research* from the drop-down menu and then click on *Procedures* or *Rulings* from the drop-down menu. Using the Category box, select the tax type and then scroll down to find the *Document ID* or use the *Search Keyword* function to locate the document.

Publications

To view or print the department's publications, go to our website select the *About* tab on the home page and select *Legal Research* from the drop-down menu and then click on *Publications* from the drop-down menu.

General Instructions

NOTE – To claim this credit:

- **Individual taxpayers that did not make the Small Business Income election**, complete this credit form and Arizona Form 301, Nonrefundable Individual Tax Credits and Recapture. Include both completed forms with your Individual Income Tax Return (Form 140, 140PY, 140NR or 140X).
- **Individual taxpayers that made the Small Business Income election**, complete this credit form and Arizona Form 301-SBI, Nonrefundable Individual Tax Credits and Recapture for Form 140-SBI, 140PY-SBI, 140NR-SBI and 140X-SBI. Include both completed forms with your SBI Tax Return (Form 140-SBI, 140PY-SBI, 140NR-SBI or 140X-SBI).

Arizona law allows an individual shareholder to claim a nonrefundable tax credit for the *pro rata* amount of contributions made by an S Corporation to a school tuition organization (STO).

The S Corporation must make an irrevocable election on Arizona Form 335, *Credit for Contributions to School Tuition Organization*, to pass-through the credit to its individual shareholder(s). The S Corporation making the election should give you Arizona Form 335-S, *Credit for Corporate Contributions to School Tuition Organizations - Distribution to Shareholders of an S Corporation*, showing your *pro rata* share of the available credit for the taxable year. The amount of the allowable credit you may claim is reported on Form 335-S.

An individual shareholder may claim a corporate STO credit passed through from an S Corporation even if the individual is claiming the maximum amount allowed under the two individual private school tuition credits (Arizona Forms 323 and 348.) The corporate STO credit passed through from the S Corporation is a different credit that is not subject to the limitations under the two individual private school tuition credits.

NOTE: Individual Shareholders of an S Corporation with a Fiscal Year-End - *If you file your tax return on a calendar year basis, but the corporation files a return for a fiscal year, claim the credit on your tax return for the year in which the corporation's fiscal year ends. For example, if the corporation's tax year ends in February 2025, claim the credit on your 2024 tax return.*

Co-owners of the S Corporation may each claim the *pro rata* share of the credit allowed based on the taxpayers ownership interest. The total of the credits allowed all owners of the corporation may not exceed the amount that would have been allowed a sole owner of the business.

If the allowable tax credit exceeds the taxes otherwise due, or if there are no taxes due, you may carry the unused credit forward for a period not to exceed the next five consecutive taxable years' income tax liability.

NOTE: *The maximum amount of credit established for the current taxable year does not include any unused valid carryover amount(s) from prior taxable years. Because this is a nonrefundable tax credit, the total amount of available credit [current year plus any valid carryover amount(s)] that a taxpayer may use for the taxable year cannot be greater than the tax liability shown.*

You cannot claim both a tax credit and an Arizona itemized deduction for the amount of contributions made to a STO for which you are claiming a credit.

NOTE: *This tax credit is not allowed if the S Corporation or a shareholder designates the contribution to the STO for the direct benefit of any dependent of a shareholder of the corporation claiming a credit under this section or if the corporation or a shareholder designates a student beneficiary as a condition of the contribution to the STO.*

The tax credit is not allowed if the S Corporation or a shareholder, with the intent to benefit a shareholder's dependent, agrees with one or more other taxpayers to designate reciprocal contributions to school tuition organizations for the direct benefit of the other taxpayer's dependent.

For Arizona purposes, "dependent" has the same meaning provided in § 152 of the Internal Revenue Code. For the purpose of this credit, it does not matter if the shareholder qualifies to take the dependent deduction.

Line-by-Line Instructions

Enter your name and taxpayer identification number (TIN) as shown on Arizona Forms 140, 140NR, 140PY or 140X. Indicate the period covered by the taxable year. Include the completed form with the income tax return.

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

NOTE: Complete Parts 1, 2 and 4 if you are claiming a new credit for the current tax year.

If you are **only** claiming a carryover amount available from a previous credit, complete Parts 3 and 4.

Part 1 - School Tuition Organization Information

NOTE: If you are claiming a pro rata share of credit from more than one S Corporation, check the box in Part 1. Complete and include a separate Part 1 for each S Corporation.

In the space provided, enter the S Corporation's name and employer identification number (EIN) for which you are claiming a *pro rata* share of credit for contributions made during the taxable year.

Lines 1 through 10

On lines 1 through 10, enter the name and credit approval number for **all** STOs the S Corporation made a contribution to for which you are claiming a *pro rata* share of credit for the current taxable year.

This information is shown on page 1 of the S Corporation's Arizona Form 335-S.

If you need more space to list **all** STOs for which contributions were made by the S Corporation, include a separate schedule showing the name and credit approval number for each and include with the credit form.

Line 11 - Taxpayer's Pro Rata Share of Contributions Made by the S Corporation Named in Part 1

Enter the amount from the S Corporation's Arizona Form 335-S, line 13.

Part 2 - Current Year's Credit

Line 12

Enter the amount of your *pro rata* share of the contributions made to the STOs listed in Part 1.

If you are claiming a *pro rata* share of credit from more than one S Corporation, add all amounts on line 11 from each separate Part 1, and enter the total.

Part 3 - Available Credit Carryover

Lines 13 through 18

Complete Part 3, lines 13 through 18 to figure your available credit carryover from taxable years 2018 through 2022 if you claimed this credit and the credit was more than your tax.

- In column (b) enter the credit originally computed for that taxable year listed in column (a).
- In column (c) enter the amount of the credit from that taxable year which you have already used.
- Subtract the amount in column (c) from column (b) and enter the difference in column (d).
- Add lines 13 through 17, column (d).

Enter the total on line 18, column (d).

Part 4 - Total Available Credit

Line 19 -

Enter the amount from Part 2, line 12.

Individuals that did not make the Small Business Income election: Also enter this amount on Form 301, Part 1, line 12, column (a).

Individuals that made the Small Business Income election: Also enter this amount on Form 301-SBI, Part 1, line 8, column (a).

Line 20 -

Enter the amount from Part 3, line 18, column (d).

Individuals that did not make the Small Business Income election: Also enter this amount on Form 301, Part 1, line 12, column (b).

Individuals that made the Small Business Income election: Also enter this amount on Form 301-SBI, Part 1, line 8, column (b).

Line 21 - Total Available Credit

Add line 19 and line 20. Enter the total.

Individuals that did not make the Small Business Income election: Also enter this amount on Form 301, Part 1, line 12, column (c).

Individuals that made the Small Business Income election: Also enter this amount on Form 301-SBI, Part 1, line 8, column (c).