ARIZONA'S ONLY EDUCATIONAL CORPORATE TAX CREDIT

A UNIQUE COMMUNITY AND MARKETING OPPORTUNITY FOR YOUR BUSINESS

IBE

SINCE 1998

STO SEAL OF QUALITY

320+ SCHOOLS

Contact IBE Today!

520.512.5438

azcorporatetax.org

azcorp@ibescholarships.org

S - Corporations / LLCs With S Election

IBE

Take advantage of Arizona's *only* Educational Corporate Tax Credit

Tax Credit Flow

S-CORP → PRIVATE SCHOOL TAX CREDIT

ARIZONA TAX CREDIT → SHAREHOLDER

Notice (A.R.S 43-1603): A school tuition organization cannot award, restrict, or reserve scholarships based solely on 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.

Now more than ever, low income and disabled / displaced students need your help!

Let your business pay your personal State tax liability

2022 Credit available first come, first served till cap is met

Use your company credit card

$$$

Potential federal deduction

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C - Corporations

IBE

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Tax Credit Flow

C-CORP → PRIVATE SCHOOL TAX CREDIT

C-CORP → ARIZONA TAX CREDIT

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2022 Credit available first come, first served till cap is met

$ = $

Simple dollar-for-dollar tax credit

One page form

Use your company credit card

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Arizona Insurance Companies

IBE

Take advantage of Arizona's *only* Educational Corporate Tax Credit

Tax Credit Flow

INSURANCE COMPANY → PRIVATE SCHOOL TAX CREDIT

INSURANCE COMPANY → ARIZONA TAX CREDIT

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Can I Deduct My Donation to IBE?

If an S corporation donates to a School Tuition Organization (STO), like IBE, the S corporation's individual owners may share a credit against their Arizona income taxes in proportion to their ownership of the S corporation. For example, if an S corporation with two equal owners donates $20,000 to IBE, a $10,000 Arizona tax credit may be available for each owner.

In some cases, S corporations may also to take a federal income tax business deduction for donations to STOs—creating a double benefit to donating to an STO like IBE

An S corporation may deduct donations to IBE if it meets two tests:

- The donation is directly related to the S corporation's trade or business, and
- The donation is made with a reasonable expectation of financial return commensurate with the donation

Whether an S corporation meets these tests depends on the company's own facts and circumstances.

For example, the U.S. Tax Court held that a travel agent who received about 57% of her business from charities could deduct cash donations to those charities.

In another case, the IRS concluded that a corporation in the tourism industry could deduct donations to a city fund meant to improve and promote the city after an oil-spill.

In a third case, the IRS concluded a racetrack could not deduct the gross wagers donated to its foundation from its "charity day." The IRS believed the racetrack had no expectation of a financial return from the donation because, among other things, the foundation did not lease the track and the foundation did not advertise the event.

If you are interested in deducting your donations to IBE, you might consider a few steps:

- Adopt a plan that explains "why" improving education is important to your business.
- Document what return you expect from the amount you contribute to IBE.
- Promote your donation through marketing campaigns.
- Create a system to track your economic returns, such as customer surveys.

It is preferable that you take these kinds of steps before making your donation to IBE. Keep good records that explain why you made the donation and how it relates to your business.

IBE does not give tax advice, so check with your tax adviser to review your situation.

Author, Brent Nelson - Tax Attorney with Rimon Law Firm

IBE

Donation Marketing Schedule
- All levels include the previous ones.

LEVEL 1 — $5,000 - $50,000

- Creation of unique thank you animation
  - Citing donation
  - To what program
  - To what school or IBE General Fund
  - Donor owns final deliverable for use as they see fit
- Posting of animation on the IBE Facebook page (with donor approval)
- Boost to donor selected target demographic

LEVEL 2 — $50,000 - $100,000

- Big Check Presentation at Arizona location of choice (IBE, School or Business)

LEVEL 3 — $100,000 - $250,000

- Recognition in IBE newsletter (over 50,000 recipients)

LEVEL 4 — $250,000 +

- Marketing strategy meeting with IBE and team (virtual or at IBE)
- Creation of short video segment (60 second commercial) on why donations like this are important to (their business) and the community.
- Detailed marketing analysis report

If you are at a given level for 3 years or more, you will be upgraded to the next level. It is the responsibility of the donor to indicate to IBE they would like to participate in these services

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