

CREDIT FOR CONTRIBUTIONS TO QUALIFYING CHARITABLE ORGANIZATIONS

This publication provides general information about Arizona's credit for taxpayers that make contributions to qualifying charitable organizations and qualified foster care organizations. For complete details, refer to the Arizona Revised Statutes. In case of inconsistency or omission in this publication, the language of the Arizona Revised Statutes will prevail.

What is the maximum amount of the credit?

The maximum credit for contributions made to qualifying charitable organizations is \$200 for single or head of household (\$400 for married taxpayers).

Beginning in 2013, if you make a contribution to a qualified foster care charitable organization, you can increase the maximum credit from \$200 to \$400 (\$400 to \$800 for married filing joint).

If you make cash contributions to **both** types of charities during the taxable year, the **total maximum** credit allowed for the taxable year is \$400 (\$800 for married filing joint). Only amounts donated to a qualifying foster care organization may be used to exceed the original cap of \$200 for single or head of household (\$400 for married taxpayers). For example, Mr. Smith, a single person, donates \$250 to a regular qualifying charitable organization and \$150 to a qualifying foster care charitable organization. Mr. Smith would qualify for a credit of \$350 (\$200 for the qualifying charitable organization donation and \$150 for the donation to the qualifying foster care charitable organization).

Generally, if married taxpayers file separate returns, each spouse may claim 1/2 of the credit that would have been allowed on a joint return.

Who may claim this credit?

This credit is available only to individuals. Corporations may not claim this credit. A partnership may not pass the credit through to its partners. An S corporation may not pass the credit through to its shareholders. This credit is in lieu of a deduction pursuant to section 170 of the internal revenue code and taken for state tax purposes.

How do I claim the credit?

You report the name of the qualifying charitable organization or the qualifying foster care charitable organization you donated to as well as the dollar amount of your donation to the Department of Revenue on Form 321. Complete Form 321 and include it when you file your tax return.

Can I claim a charitable contribution as both an Arizona tax credit and an Arizona deduction?

No. Any charitable contribution that is included in itemized deductions on your federal return must be removed from your Arizona itemized deductions if the contributions were claimed as an Arizona credit. Further, you may only claim a tax credit for your charitable contribution if the organization you donated to is considered a qualifying charitable organization, or a qualifying foster care charitable organization.

Do I need to claim itemized deductions in order to claim the credit?

Starting in 2013 you will no longer need to claim itemized deductions in order to claim a credit for donating to a qualifying charitable organization or a qualifying foster care charitable organization.

How can I determine if a charity meets the criteria to be considered a qualifying charitable organization?

You can ask the charity to show you a copy of their official approval letter or certificate that the Department of Revenue gave them when they were approved as a qualifying charitable organization. The department publishes a list of organizations that are considered qualifying charitable organizations. The list is available on the department's website. You can also ask the following questions of the charity:

1. Is the charity exempt from federal income taxation under Section 501(c) (3) of the Internal Revenue Code? Or is the organization a designated community action agency that receives community services block grant program monies pursuant to 42 United States Code Section 9901?
2. Does the charity spend at least 50% of its budget on services to Arizona residents who receive Temporary Assistance for Needy Families benefits, to Arizona resident low-income households, or to chronically ill or physically disabled children who are residents of Arizona?

If the charity meets **both** criteria listed above, you can ask the following questions to determine if the charity also qualifies as a qualifying foster care charitable organization.

1. Does the charity provide services to at least two hundred foster children in Arizona?
2. Does the charity spend at least 50% of its budget on services to foster children in this state?

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Can I qualify for the credit if I give to a qualifying charitable organization through an umbrella type charitable organization?

Yes. You must designate that the donation be directed to a member charitable organization or member group fund that would qualify on a standalone basis.

For Additional Information, call:

Phoenix (602) 255-3381
Toll free from area codes
520 & 928..... (800) 352-4090

Or Write to:

Arizona Department of Revenue
Taxpayer Information & Assistance
PO Box 29086
Phoenix AZ 85038-9086

For Related Tax Information:

Internet Addresswww.azdor.gov

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