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Arizona Charitable Tax Credit Coalition



How to Best Utilize the Arizona Charitable Tax Credit

A Quick Reference for Giving to Local Charities and Paying Less Taxes

Arizona offers several individual tax credits that help people to give to charities and qualifying organizations such as the Arizona Charitable Tax Credit and the Public School Tax Credit. These unique tax credits open up the opportunity for taxpayers in the state of Arizona to get dollar-for-dollar reductions to their tax liabilities. In other words, the money you give reduces what you owe on your state taxes for each dollar up to the allowable limits.

Likely, you have already heard of the Arizona Charitable Tax Credit. However, unless you're an accountant or tax guru, you probably don't know all the details about it. Not to worry! Most taxpayers are not fully aware of how best to utilize such Arizona state tax credits to their full potential. But knowledge is power! And, in this case, knowledge can save you money while allowing you to give back to the local community. With this guide, you will learn how to combine more than one tax credit and even carry over tax benefits across multiple years among other helpful tips.

This comprehensive reference guide takes an in-depth look into the details of the Arizona Charitable Tax Credit for 2020. Everything you need to know to optimize your benefits while giving with the Arizona Charitable Tax Credit as well as the other Arizona tax credits. Browse our detailed guide below to learn more and consult with your tax professional for your personal tax situation.

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Section 1: **Getting to Know the Arizona Charitable Tax Credit**

What is the Arizona Charitable Tax Credit?

The Arizona Charitable Tax Credit is what is referred to as a nonrefundable income tax credit. This tax credit is a two-fold deal with credits available for both Qualifying Charitable Organizations (QCOs) and Qualifying Foster Care Charitable Organizations (QFCOs).

- The maximum allowable limit for the dollar-for-dollar tax credit match for a QCO is \$400 for an individual and \$800 for married filing jointly. Married filing separately and heads of households filers also have \$400 limits each.
- The maximum credit for donations to a QFCO is set somewhat higher at \$500 for individual, married filing separately, and heads of household filers and at \$1,000 for married filing jointly.

Taxpayers can give to both a QCO and a QFCO to maximize their tax credit benefit in a given year. These tax credits mean taxpayers reduce their state tax burden at a dollar for dollar rate up to the maximum limits.

KEY GUIDELINES FOR THE ARIZONA CHARITABLE TAX CREDIT

- Only individuals may take advantage of the donation tax credit. Corporations, partnerships, and so on, do not qualify for the tax credit.
 - All donations must be made with monetary funds. Material donations (e.g. cars, clothes, toys, etc.) and service donations do not qualify.
 - Only donations given to Qualifying Charitable Organizations or Qualifying Foster Care Charitable Organizations which were certified by the state of Arizona will work with the Arizona Charitable Tax Credit. Donations given to non qualifying organizations do not qualify.
 - Of note, extra credits that are not used for tax obligations in one tax year can be carried over to future tax years. We will go into further detail on this later on!
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So How Exactly Can I Utilize the Arizona Charitable Tax Credit?

The process for making a donation and claiming the Arizona Charitable Tax Credit is easy! Essentially, there are only four steps needed to properly document your gift and claim your tax credits for Arizona:

1. Donate to a certified charitable organization (QCO and/or QFCO), such as one of the qualifying organizations that make up the Arizona Charitable Tax Credit Coalition
2. Keep the receipt documenting the donation to provide a copy when you file your taxes.
3. Fill out the tax form to claim your credit or credits corresponding to the type of donation. Specifically, Arizona Form 321 is used for donations to Qualifying Charitable Organizations and the Arizona Form 352 is used for gifts to Qualifying Foster Care Charitable Organizations.
4. Determine your individual tax return using the appropriate form (such as Arizona Form 140, 140NR, 140PY or 140X) by subtracting your tax credits from your tax liability (what you owe). The credits will be used to reduce your Arizona state tax balance.

*The last step is to “feel good.” Give yourself a pat on the back for helping your community while saving money!

Basically: Make your donation, keep documentation, fill out the relevant forms, then calculate your tax credit against what you owe.

Use Payroll Withholding with the Arizona Charitable Tax Credit

Did you know you may be able to set up payroll withholding to be donated to your chosen eligible Arizona Charitable Tax Credit organizations? It's true, on both Arizona Form 321 and Arizona Form 352, you are allowed to count charitable contributions made through payroll withholding. Just be sure to check that your employer is able to withhold contributions to eligible Arizona Charitable Tax Credit organizations from your pay! You will want to contact your employer to verify this option first.

More Choice and Local Support with the Arizona Charitable Tax Credit

With the Arizona Charitable Tax Credit, taxpayers get more say in how their tax dollars should be distributed. That's because the AZ credit allows you to push funds into the qualifying charitable organization of your choice rather than simply paying those funds to the State. Let's think about a practical example so you can understand how this works.

Say an AZ taxpayer makes a \$400 gift to an eligible Qualifying Charitable Organization as well as a \$500 donation to a Qualifying Foster Care Charitable Organization. The individual can then claim the credit for these donations, which, in this case, are the maximum amounts allowable (\$400 max credit for a QCO and \$500 max credit for a QFCO). The two credits together total \$900 which reduces the state tax liability dollar-for-dollar for \$900.

Therefore, in effect, this taxpayer has redirected \$900 of state tax funds from the general tax pool into specific charitable organizations. As you can see, this tax credit is a big deal for charities and foster care charitable organizations. Those funds that taxpayers redirect to such organizations help local charities serve Arizona communities. The AZ Charitable Tax Credit moves control away from the State and empowers individuals to choose which deserving organization will receive tax dollars. In other words, Arizona taxpayers get to direct tax dollars to charities whose services they believe provide the most value to their local communities.

The AZ Charitable Tax Credit program is becoming more popular each year, and you can see why! The local community benefits when community serving charities have more funds to support those in need. In fact, in just a five-year span, from 2011-2016, taxpayers using the AZ Charitable Tax Credit doubled. Over \$34 million was awarded to qualifying charitable organizations in that time.

The History the AZ Tax Credit: The Working Poor Tax Credit

The Arizona Tax Charitable Credit program began in 1998 and was originally called the Working Poor Tax Credit. In 2012, the credit was expanded to work with certified charitable organizations that provide benefits for the most vulnerable Arizonans, including children with chronic illness or a disability, low-income individuals, and others. Now, the tax credit is considered the Arizona Charitable Tax Credit including both credits for Qualifying Charitable Organizations and Qualifying Foster Care Charitable Organizations.

What is the Max Credit Allowed?

As previously mentioned, the maximum credit allowed for donations for Qualifying Charitable Organizations for single persons, married and filing separately taxpayers, or heads of households is \$400. Joint taxpayers have a maximum allowable limit of \$800. In addition, for Qualifying Foster Care Charitable Organizations, the max limit is \$500 for single, married filing separately, and heads of households. Moreover, the max credit limit is \$1,000 for joint taxpayers. Of note, several other Arizona tax credits have similar limits—these are explored further on in this review.

Minimum Donation Dollar Amounts Required for the AZ Tax Credit

Many charity donors often ask whether they can give smaller amounts and still claim the tax credit for their donation. In light of the fact that many AZ taxpayers would like to support a charity but may not be able to give hundreds of dollars, they wonder if they can still qualify for the credit. The answer is, yes, yes you can!

To make this point clear, there is no minimum dollar requirement for the Arizona Charitable Tax Credit. That means you can record a one-dollar donation to a QCO or QFCO and on Arizona form 321 to get a tax credit for that very amount from the State. In other words, your donation to a QCO or QFCO can qualify for the credit for any dollar amount between \$1 up to the maximum allowable limit (typically \$400 for QCOs and \$500 for QFCOs).

The Five Year Carry Forward Allowance for Tax Credits

A little known—but quite useful—fact about the AZ Charitable Tax Credit is that individuals can carry forward contributions to QCOs and QFCOs that are not used in the most recent taxable year for up to five years. But it is important to note that you can never carry over any amount that was given beyond the maximum allowable limit as a credit in a given year. The Arizona Form 321 (<https://azdor.gov/forms/tax-credits-forms/credit-contributions-qualifying-charitable-organizations>) and 352 (<https://azdor.gov/forms/tax-credits-forms/credit-contributions-qualifying-foster-care-charitable-organizations>) each put it this way: “You may carry over only that portion of the credit that you do not apply to tax. You cannot carry over any amount that you gave that was more than the maximum amount allowed as a credit.”

Ok, so what does this carry forward allowance actually look like?

EXAMPLE

Let's say a single taxpayer, let's call him Jack, with an AZ tax liability of \$800 had donated \$600 to a QFCO and \$900 to a QCO in the last tax year. Jack smartly took advantage of the AZ Charitable Tax Credit applying \$500 in credit from the QFCO donation (the max allowed) and \$300 from the QCO totaling \$800 in tax credit. As a result, Jack owes \$0 in AZ state tax since the two credits equal his total tax liability (\$500 plus \$300).

However, Jack only claimed a total of \$800 though he gave a total of \$1,500. So what about the rest of the contributions? In this example, Jack has an available carryover of \$100, since only \$300 of the \$400 max tax

credit for the QCO gift was claimed. So that remaining \$100 tax credit can be applied in the next tax year, or future years up to five years.

The other donation amounts that exceeded the maximum allowable limits cannot be used as tax credits in that most recent taxable year, nor can that be used in any future years. Since Jack donated \$600 to the QFCO, he can only claim up to \$500—the max allowed. And since he gave \$900 to a QFO, he can only claim up to \$400—the max allowed. However, the amount of allowable credit that is not claimed in one tax year does carry over for future use!

The AZ Charitable Tax Credit is a Nonrefundable Tax Credit, but can I still increase my State tax refund?

In the example, Jack was not able to claim the \$100 excess tax credit as a refund. That's because the Arizona Charitable Tax Credit is not a refundable credit. The two relevant tax forms, Arizona Form 321 and 352 both include this rule stating: "Because this is a nonrefundable 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."

EXAMPLE

Let's consider an example of a single taxpayer, we'll call her Jill. So Jill happens to have \$35,000 in taxable income with an effective Arizona State tax rate of 3% (this 3% rate is just for the purpose of the explanation, the precise AZ tax rate differs depending on your tax bracket and can be found at IRS.com). So, in this example, Jill would have an AZ tax liability of \$1050 (3% of \$35,000).

Ok, so now let's say Jill gave \$400 to a Qualifying Charitable Organization and \$500 to a Qualifying Foster Care Charitable Organization. Next, she chooses to take the maximum allowable credit with the AZ Charitable Tax Credit (\$400 for the QCO and \$500

for the QFCO), which happens to be exactly what was given in donations. So, in this illustration, the two tax credits would reduce Jill's tax liability by \$900 (\$400 plus \$500). Her liability goes from \$1050 down to \$150 (\$1050 minus \$900). Therefore, Jill would only pay \$150 in state taxes to AZ.

But let's say Jill had already pre-paid \$500 to the State for her taxes, either through payroll withholding or quarterly estimated taxes. Jill's had already reduced her tax liability from \$1,050 to \$150 through her smart use of the Charitable Tax Credit. Since she had paid \$500 already (again, often through withholding from her paycheck), she is in line to receive a \$350 refund.

In other words, tax credits can only be applied to your tax liability (what you owe), you cannot get cash back for tax credits. Nonetheless, based on your own unique tax circumstances, you may still receive a State tax refund. So make sure you consult with your personal tax professional to get advice regarding your own tax situation. A refundable tax credit, by contrast, can reduce a taxpayer's tax liability to below zero. Meaning if the tax liability is reduced below what is owed, then the state of AZ will pay the difference back to the taxpayer in the form of a refund.

The AZ Charitable tax credit cannot be used for a refund without the prepayment of taxes in one form or another, but, as mentioned above, the credit can carry over to future years instead, if the person's tax liability reaches zero.



Section 2: **Eligible Charities Under the Arizona Charitable Tax Credit**

The Arizona Charitable Tax Credit was created to help taxpayers support charities that offer services to low-income residents with chronic illnesses or disabilities.

GiveLocalKeepLocal.org, the Arizona Charitable Tax Credit Coalition is a group of organizations who joined forces to promote the Arizona Charitable Tax Credit. The efforts of this coalition of charities have resulted in increased awareness and donations to nonprofits across Southern Arizona.

While many other worthwhile nonprofits also qualify for the tax credit, the select group represented by this coalition consistently demonstrates a shared set of values and actively contributes to ongoing awareness efforts for supporting local Southern Arizona communities in need.

The [GiveLocalKeepLocal.org](https://www.givelocalkeeplocal.org) nonprofit organizations all meet the criteria for and are certified as Arizona Qualifying Charitable Organizations. [Click here](#) for the list of all the Arizona Charitable Tax Credit Coalition organizations.

What is a Qualifying Charitable Organization?

According to the Arizona Department of Revenue (ADOR), a Qualifying Charitable Organization (QCO) must provide for the immediate basic needs to Arizonans who either 1) receive temporary assistance for needy families (TANF) benefits, 2) are low-income residents, or 3) are children with a chronic illness or disability.

Additionally, these QCOs must devote at least half of their annual budgets on what they call “qualified services for qualified Arizona residents.”

What is a Qualifying Foster Care Charitable Organization?

As defined on Arizona Form 352, to meet the requirement to be a certified Qualifying Foster Care Charitable Organization, the organization must spend at least 50% of its annual budget on services for children who have been placed in foster homes or child welfare agencies. This condition comes in addition to meeting the same requirements as the QFOs.



Section 3: **Your Arizona Tax Credit Resources - Deadlines and Forms**

In contrast to what many assume, Arizona taxpayers are not required to make their donation to QCOs and QFCOs before the end of the calendar year on December 31 in order to claim the tax credits for that tax year. Rather, the state of Arizona lets taxpayers claim credits for gifts up until April 15 for gifts for the past tax. So, for example, if you choose to wait until early April of 2021 to donate to a QCO or QFCO, you can still claim your dollar-for-dollar tax credit and apply it to your 2020 taxes.

It is important to note that you must simply follow the instructions on Arizona Form 321 and 352. These two relevant forms have a Part 1, section A for donations made during the calendar year of the tax year (Jan.-Dec. of 2020), and a Part 1, section B for donations made after the end of the year (Jan.-April 15 of 2021). So just make sure to list the donation in the appropriate section, but rest assured you can give up to April 15 rather than having to give before Dec. 31 for the Arizona Charitable Tax Credit.

The State and the IRS have Differing Deadlines for Credits and Deductions

However, it is important to keep in mind that the IRS specifies that donations used for deductibles on federal taxes must be made by the end of the tax year in contrast to the deadline allowed by the state of Arizona for the Arizona Charitable Tax Credit. So again, make sure to consult with your tax professional on the best timing for charitable gifts in your own situation.



Section 4:

Take the Arizona Charitable Tax Credit and Other State Credits Too!

Arizona has several additional state tax credits that give Arizona taxpayers the ability to give locally and receive a tax credit for the gift. Note that these additional tax credits are independent, meaning you can use many different credits on the same tax return. Here, we will discuss some of the most popular tax credits utilized by Arizonans.

The Public School Tax Credit

The Arizona Public School Tax Credit functions very similarly to the Arizona Charitable Tax Credit. It is only available for individuals (partnerships, corporations, etc.), it can be claimed through payroll withholding, it has a five-year carryover, and the deadline for giving extends to April 15. The primary practical difference is that the limit is set at \$200 for individuals and \$400 for couples.

The Arizona Public School Tax Credit is a nonrefundable credit for cash contributions to Arizona public schools. These contributions can be in the form of direct payment of certain types of school fees. While Arizona Form 322 outlines the specific requirements, Stefan Swiat of the Department of Education says it is available for taxpayers who can “donate to a public school so they can utilize that towards their extracurricular activities—sports, art, music.”

The Credit for Contributions to Private School Tuition Organizations

Known to many as the Private School Tax Credit, the Credit for Contributions to Private School Tuition Organizations is available for charitable cash gifts to private school tuition organizations that provide scholarships to private school students. The limits are set at 1,100 for married filing jointly and \$555 for individuals. Like the other Public School Tax credit and the Arizona Charitable Tax Credit, this tax credit is for individuals, it can be claimed through payroll withholding, it has a five-year carryover, and the deadline for gifts goes through April 15. Use Arizona Form 323 to claim this tax credit.

The Credit for Contributions to Certified School Tuition Organizations

The Credit for Contributions to Certified School Tuition Organizations is taxpayers who claim the maximum allowable credit on Arizona Form 323 for the Credit for Contributions to Private School Tuition Organizations and additionally make a

charitable contribution to a certified School Tuition Organization. Reference Arizona Form 348 for the specific requirements and definition of a certified School Tuition Organization. Do note, however, that charter schools and programs run by charter schools do not qualify for this tax credit.

The maximum allowable limit for this tax credit is \$1,103 for couples and \$552 for individuals. The Credit for Contributions to Certified School Tuition Organizations can be claimed through payroll withholding, it has a five-year carryover, and the deadline for gifts goes through April 15. Use Arizona Form 323 to claim this tax credit.

Tax Credits for Electric Vehicles in AZ

Arizona currently has tax credit offers for electric vehicles. The best nonrefundable tax credit possible is up to \$7,500, but this number is decreasing depending on phase-out factors each year. Plus, the tax credit cannot carry over into future tax years. Make sure to consult your own tax professional when considering taking advantage of this tax credit.

Of note, Arizona does offer some other benefits for certain alternative fuel vehicle owners such as a reduced license tax and HOV lane access.

Other Arizona State Tax Credits

In addition to the Arizona tax credits listed here, several more individual and business tax credits exist. Go to azdor.gov/tax-credits for more info. Plus, note that Arizona Form 301 includes the full list of all available Arizona state tax credits.



Section 5: **Want to Know More about Tax Credits Vs Deductions?**

Clarifying the Arizona Charitable Tax Credit vs Federal Tax credits and deductions.

One of the most important differences between federal taxes and state taxes is that federal taxes do not offer tax credits for charitable gifts. Rather, the IRS only offers tax deductions. In contrast, the state of Arizona offers dollar-for-dollar tax credits in a variety of circumstances.

The IRS website explains all the ins and outs of claiming tax deductions for charitable giving. In general, taxpayers can deduct money or property donations given to qualified organizations (such as 501(c) (3) entities) with the IRS. The IRS Publication 526 on Charitable Contributions goes into thorough detail:

<https://www.irs.gov/charities-non-profits/charitable-organizations/charitable-contribution-deductions>

Here, we will cover relevant considerations when accounting for state and federal charitable giving.

The Difference Between Tax Credits and Tax Deductions

Now is a good time to discuss a common point of confusion with regard to tax credits vs. tax deductions. This is important because credits and deductions differ in how they impact an individual's tax obligations. The tax credit is what is used to reduce the taxpayer's tax liability (the total tax debt owed) on a dollar-for-dollar basis. Thus, every dollar the person claims as a credit reduces their tax obligation by a dollar.

Alternately, a tax deduction reduces the taxpayer's taxable income. So every dollar the person claims as a tax deduction reduces their taxable income by a dollar. This means that, based on the calculation from the individual's income bracket, the person pays a tax on the amount left over after deductions are taken away.

An Example of Tax Credits vs. Tax Deductions

Earlier we showed how Jill benefited from taking the donating \$900 to QCO/QFCO and reduced her liability from \$1050 to \$150. To illustrate the effect of tax deductions by contrast, we'll look at what happens when Jill gives the same amount and claims as a tax deduction rather than a tax credit.

Jill gives the same amount to two charities that have not been certified as Qualifying Charitable Organizations or Qualifying Foster Care Charitable Organizations by the State of Arizona.

That would mean the two donations would be considered tax deductible reducing Jill's taxable income by \$900 (the same \$400 plus \$500 amounts as her gifts). Her taxable income would move from \$35,000 down to 34,100. Then, when the 3% tax rate was applied to Jill's \$34,100 of taxable income, her tax liability would be \$1,023 instead of \$1,050. An effective reduction of just \$27.

In this example, we see just how powerful taking advantage of the Arizona Charitable Tax Credit can be. By opting to give to both a Qualifying Charitable Organization and Qualifying Foster Care Charitable Organization at the max allowable limit and claiming her credit, Jill reduced her tax burden by \$900 instead of \$27 as a regular tax deduction.

When to Reduce Federal Tax Deductions

The IRS makes it clear that when a taxpayer receives a benefit from charitable giving, the taxpayer must deduct the value of the benefit from the charitable contribution before claiming a tax deduction. So, if a taxpayer donates \$500 and receives a \$100 gift certificate, then she can only claim \$400 as a tax deduction (\$500 minus \$100). Note that this same rule is in place for the state of Arizona.

The Carry Forward Rule for Federal Tax Deductions

Like the state of Arizona, the IRS allows a carry forward period up to five years when claiming tax deductions for charitable giving. IRS Publication 526 has further information for tax guidelines:

<https://www.irs.gov/forms-pubs/about-publication-526>

Charitable Contributions and Documentation for State and Federal

As you probably guessed, both Arizona and the IRS require documentation of any charitable giving in order to claim tax credits or tax deductions. Check out the IRS Publication 1771 for details on records and documentation for giving:

<https://www.irs.gov/pub/irs-pdf/p1771.pdf>

Remember, Qualifying Charitable Organizations and Qualifying Foster Care Charitable Organizations all provide easy-to-use documentation of gifts given for your convenience when filing taxes.

Payroll Withholding for Charitable Giving

As with the state of Arizona, the IRS allows charitable donations to be made through payroll withholding. Documentation of such giving can be made with a pledge card from the charitable organization and a pay stub or a W-2 form, or other documentation from the employer. To record the giving the employer will provide a document that includes the amount withheld and donated to the charity.

New 2020 Federal Tax Deductions Limit for Charitable Donations

Up until very recently, the IRS set the limit for deductions on charitable giving at no more than 50% of a taxpayer's adjusted gross income. Starting for the 2018 tax year and going forward, however, the limit was raised to up to 60% of a taxpayer's adjusted gross income.

IRS Regulations on Charitable Contributions and State and Local Tax Credits

In general, new tax rules from the IRS stipulate that you cannot claim federal tax deductions on charitable contributions for which you claim the state tax credit. The exception is if the state tax credit claimed is 15% or less of the donation given. In other words, if you claim \$400 in tax credit for your \$400 donation to a Qualifying Charitable Organization, you cannot also claim that \$400 as a tax deduction on your federal taxes.

However, if you only claimed 15% or less of the contribution with the State, then you can claim the whole gift with the IRS. The more common example would be claiming tax deductions at the state level. In that case, you would likely claim the same tax deduction for your charitable gift with the IRS in addition to the state taxes. Basically, you cannot count contributions twice in most cases, but tax credits provide much greater value than tax deductions anyway. Be sure to consult with your tax professional for your own tax circumstances.

The IRS discusses this rule update in an article on their website [here](#).

The good news is that you can still claim up to the maximum amounts for your dollar-for-dollar state tax credits for Arizona Charitable Tax Credit, Public School Tax Credit, Credit for Contributions to Private School Tuition Organizations, and other individual tax credits.

IRS Tax Forms for Tax Deductions

Use IRS Form 1040 to itemize federal tax deductions. Use IRS Form 8283 for Non cash Charitable Deductions. Use Arizona's Form 321 for QCO tax credits and Form 352 for QFCO tax credits. See section 2 above for other forms used for Arizona state tax credits.

HOW TO CONTACT THE ARIZONA DEPARTMENT OF REVENUE AND OTHERS ON THE ARIZONA CHARITABLE TAX CREDIT

There are several points of contact you can utilize if you still have questions about the Arizona Charitable Tax Credit. For example, if you have questions for a specific Qualifying Charitable Organization or Qualifying Foster Care Charitable just click the link provided in Section 3 above and click once more for that organization's website where you can quickly locate contact numbers. Furthermore, you can reach out with inquiries to Give Local. Keep Local. on our website here, givelocalkeeplocal.org

Arizona Form 321 and Arizona Form 352 Contacts

One Arizona Form 321 and Arizona Form 352, the two forms used for the Arizona Charitable Tax Credit, two numbers are included for contact with questions about the credits.

- For Tucson and all 520 and 928 area codes, call 800-352-4090
- For Phoenix and all 602 area codes, call 602-255-3381

Contact the Arizona Department of Revenue

- Arizona Department of Revenue customer care line: 602-255-3381
- Arizona Department of Revenue general line: 602-255-3381
- Or visit the website at <https://azdirect.az.gov/revenue-department>



Section 6: Summary

The Main Takeaways for the Arizona Charitable Tax Credit

There you have it! We covered the most important information needed to fully utilize the Arizona Charitable Tax Credit this 2020 tax year. A whole lot was covered, so to help you take it all in, the main points are summarized in this final section. This info should assist you as you plan your charitable giving and calculate the tax credits and deductions for your state and federal taxes for 2020.

THE PRIMARY TIPS AND FOR THE ARIZONA CHARITABLE TAX CREDIT

Section 1

- The Arizona Charitable Tax Credit is a dollar-for-dollar tax credit that reduces the taxpayer's tax liability (what is owed for AZ state taxes).
- Any credits for charitable contributions to Qualifying Charitable Organizations (QCOs) and Qualifying Foster Care Charitable Organizations (QFCOs) not claimed in a tax year carry forward up to five years.

Section 2

- The maximum allowable credit that can be claimed for single taxpayers, married filing separately filers or heads of household filers for charitable contributions to QCOs is \$400 and \$800 for married filing jointly.
- The maximum allowable credit that can be claimed for single taxpayers, married filing separately filers or heads of household filers for charitable contributions to QFCOs is \$500 and \$1,000 for married filing jointly.

Section 3

- Donations need to be made only to certified QFOs or QFCOs to qualify for the Arizona Charitable Tax Credit.
- A list of QFOs and QFCOs that formed the Arizona Charitable Tax Credit Coalition called GiveLocal.KeepLocal.org can be found here. All of these charities are state-certified options for charitable donations that qualify for the Arizona Charitable Tax Credit.

Section 4

- Donations for the 2020 tax year can be made and claimed up until April 15, 2021.

Section 5

- Arizona offers several other tax credits along with the Arizona Charitable Tax Credit.
- Arizonans can combine these credits as they choose to further reduce their state tax credit.

Section 6

- New IRS rules limit ways taxpayers claim tax credits and deductions in some aspects.

NOW YOU'RE EMPOWERED TO GIVE AND SAVE ON YOUR TAXES!

Equipped with this new knowledge regarding the Arizona Charitable Tax Credit, you're now ready to choose your charitable organizations to give to and claim your credit!

Now you can use the Arizona Charitable Tax Credit to control how a portion of your tax dollars are spent. This credit lets you decide where funds should go to best help your community, and you get it all back in the form of an AZ tax credit.

As you consider where to give, the Give Local. Keep Local. Arizona Charitable Tax Credit Coalition is a fantastic source for charities making a difference at the local level across Southern Arizona. These state-certified Qualifying Charitable Organizations and Qualifying Charitable Foster Care Organizations help to support the needs of the most vulnerable in our communities.

Your contribution makes a real difference for people in need. It doesn't take much to change a life with the Arizona Charitable Tax Credit.

So find an organization to donate to and start making a difference today!