

CREDIT FOR CONTRIBUTIONS TO:

- **QUALIFYING CHARITABLE ORGANIZATIONS**
- **QUALIFYING FOSTER CARE CHARITABLE ORGANIZATIONS**

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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.

Separate Credit for contributions to qualifying foster care organizations

Beginning with the 2016 tax year, donations to qualifying charitable organizations and donations to qualifying foster care organizations are claimed as separate credits with separate limitations for each, rather than combined limitations.

Donations to qualifying charitable organizations (not including the qualifying foster care charitable organizations) will still be claimed on Arizona Form 321.

Note: Any unused credits for contributions made to qualifying foster care charitable organizations carried forward from years prior to 2016 must be claimed on Arizona Form 321.

Donations to qualifying foster care charitable organizations will be claimed on Arizona Form 352. A contribution to a qualifying foster care charitable organization does not qualify for, and cannot be included in, a credit claimed on Form 321 for contributions made to a qualifying charitable organization.

Period for making contributions

Beginning with the 2016 tax year, credit eligible contributions made to a qualifying charitable organization or a qualifying foster care charitable organization that is made on or before the 15th day of the fourth month following the close of the taxable year may be applied to either the current or the preceding taxable year and is considered to have been made on the last day of that taxable year.

What is the maximum amount of each credit?

The maximum credit for contributions made to qualifying charitable organizations is \$400 for single or head of household, \$800 for married taxpayers.

The maximum credit for contributions made to qualifying foster care charitable organizations is \$500 for single or head of household, \$1,000 for married taxpayers.

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.

Is a carryover amount from a prior tax year included in the allowable maximum amount of credit established for the current year?

No. The maximum amount of allowable credit established for the current taxable year does not include any unused valid carryover amount(s) from prior taxable years. Because these are a nonrefundable credits, the total amount available of each 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 on the tax return.

Who may claim these credits?

These credits are available only to individuals. Corporations may not claim this credit. A partnership may not pass either credit through to its partners. An S corporation may not pass either credit through to its shareholders. Each of these credits 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 either credit?

You report the name of the qualifying charitable organization as well as the dollar amount of your donation to the Department of Revenue on Form 321.

You report the name of 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 352.

You must also total your nonrefundable individual income tax credits on Form 301. Complete Forms 321 and/or 352 and Form 301 and include all applicable forms 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.

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

In order to qualify, a charity must provide the department with written certification that it meets the criteria necessary to be considered a qualifying charity. The department provides lists of both qualifying charitable organizations and qualifying foster care charitable organizations. To see the lists visit the department's website at:

<https://www.azdor.gov/TaxCredits/QualifyingCharitableOrganizations.aspx>.

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 is directed to a Qualifying Charitable Organization (QCO) or Qualifying Foster Care Organization (QFCO) that is certified by the Department of Revenue.

FOR ADDITIONAL INFORMATION:

~ Call ~

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

~ Write ~

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Customer Care
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www.azdor.gov

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