

2016 Credit for Contributions To Qualifying Foster Care Charitable Organizations

**Arizona Form
352**

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 and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

Publications

To view or print the department's publications, go to our website and click on *Publications*.

General Instructions

NOTE: You *must* also complete Arizona Form 301, Nonrefundable Individual Tax Credits and Recapture, and include Forms 301 and 352 with your tax return to claim this credit.

For taxable years beginning from and after December 31, 2015, Arizona law provides a *separate* credit for cash contributions made to qualifying foster care charitable organizations.

CAUTION: Contributions made after December 31, 2015, to a qualifying foster care charitable organization does not qualify for, and cannot be included in, a credit claimed on Arizona Form 321 for cash contributions made to a qualifying charitable organization.

If you made cash contributions to a **non-foster care qualifying charitable organization**, you *must* complete Arizona Form 321 to claim a credit for those contributions. Do **not** use Form 352 to claim a credit for contributions made to non-foster care charitable organizations.

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.

Beginning 2016, credit eligible contributions made to a qualifying foster care charitable organization from January 1, 2017, through April 18, 2017, may be used as a tax credit on either your 2016 or 2017 Arizona income tax return.

If you claim this credit in 2016 for a donation made from January 1, 2017, through April 18, 2017, you must make an adjustment on your Arizona Form 140 Schedule A; or Form 140PY Schedule A(PY) or A(PYN); or Form 140NR Schedule A(NR), filed in 2017.

The maximum amount of credit that a taxpayer can establish for the current taxable year for these donations is \$500 for single taxpayers or heads of household. For married taxpayers

filing a joint return, the maximum amount of credit that a taxpayer can establish for the current taxable year is \$1,000. In most cases, for married taxpayers who file separate returns, each spouse may claim only **one-half** (1/2) of the total credit that would have been allowed on a joint return.

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 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.

If the allowable tax credit is more than your tax or if you have no tax, you may carry the unused credit forward for up to the next five consecutive taxable years' income tax liability.

You cannot claim both a tax credit and an itemized deduction for the amount of contributions made to a qualifying foster care charitable organization for which you are claiming a credit.

You may qualify for this credit if you make cash contributions to a qualified foster care charity through an Umbrella Charitable Organization (UCO). An UCO is a charitable organization that collects donations on behalf of member charities and directs that donation as designated by the taxpayer to a qualifying foster care charitable organization that is certified by the Department.

In this case, 100% of the donation to a specific qualifying foster care charitable organization or to a specific fund of the UCO must be distributed to a qualifying foster care charitable organization that is certified by the Department.

The UCO will need to provide you with a receipt for your donation that specifies the qualifying foster care charity or fund to whom the donation is designated and certifies that 100% of the donation will be distributed to the named charity. If a fund is designated then the receipt should certify that 100% of the fund is distributed to a qualifying foster care charitable organization that is certified by the Department.

NOTE: You may be able to make contributions to these charities through your payroll withholding. Contact your employer and ask if they can withhold contributions for this credit from your pay.

For more information about this credit, see the department's publication, Pub 710, *Credit for Contributions to Qualifying Charitable Organizations*.

What is a Qualifying Foster Care Charitable Organization?

A qualifying foster care charitable organization is a qualifying charitable organization that each operating year provides services to at least two hundred qualified individuals in Arizona. The charity must spend at least 50% of its budget on services to qualified individuals in this state.

"Qualified Individual" means a child placed in a foster home or child welfare agency or a person who is under 21 years of age and who is participating in a transitional independent living program.

"Foster home" means a home maintained by any individual or individuals having the care or control of minor children, other than those related to each other by blood or marriage, or related to such individuals, or who are legal wards of such individuals.

NOTE: For more information on what is a qualifying charitable organization, see the instructions for Form 321.

How Can I Tell if a Charity Qualifies?

In order to qualify, a foster care charity must provide the Department with written certification that it meets the criteria necessary to be considered a qualifying foster care charity.

To see if a particular charity qualifies, visit the department's website and click on *Tax Credits* to see a list of the qualifying foster care charities.

Line-by-Line Instructions

Enter your name and Social Security Number (SSN) as shown on Arizona Forms 140, 140PY, 140NR, or 140X.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for an individual is the taxpayer's 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.

Part 1 - Current Year's Credit

Lines 1, 2 and 3 -

Enter the following information for each qualifying foster care charitable organization for which you made cash contributions or paid fees from January 1, 2016 through December 31, 2016:

- name of the qualifying foster care charitable organization,
- location of the qualifying foster care charity (city and state), and
- amount of cash contributions made during 2016.

If you made qualifying cash contributions to four or more charities, complete an additional schedule. The schedule should show the same information required on lines 1, 2 and 3 for each of the additional qualifying foster care charitable organizations to which you made cash contributions.

Line 4 -

Add the amount of qualifying cash contributions listed on lines 1 through 3, and any additional schedule. Enter the total on line 4.

Lines 5, 6, and 7 -

For calendar year filers: Because April 15, 2017, falls on a Saturday and District of Columbia Emancipation Day will be observed on April 17, 2017, you have until Tuesday, April 18, 2017, to make a contribution and claim a credit for that amount on your 2016 tax return.

Enter the following information for each qualifying foster care charitable organization for which you made cash contributions from January 1, 2017, through April 18, 2017, for which you are claiming a credit on your 2016 tax return.

- name of the qualifying foster care charitable organization,
- location of the qualifying foster care charity (city and state), and
- amount of cash contributions made from January 1, 2017, through April 18, 2017.

If you made qualifying cash contributions to a second and third qualifying foster care charity, complete line(s) 6 and 7.

If you made qualifying cash contributions to four or more qualifying foster care charities, complete an additional schedule. The schedule should show the same information required on lines 5, 6, and 7 for each of the additional qualifying foster care charitable organizations to which you made cash contributions.

Line 8 -

Add the amount of qualifying cash contributions listed on lines 5 through 7, and any additional schedule. Enter the total on line 8.

Line 9 -

Add lines 4 and 8. Enter the total.

Line 10 -

Single taxpayers and taxpayers filing as head of household enter \$500. Married taxpayers enter \$1,000.

Line 11 - Current Year's Credit

Enter the smaller of line 9 or line 10. If you are married filing a separate return, but you could have filed a joint return, you may take only 1/2 of the total credit that you and your spouse would have been allowed to take on a joint return, up to a maximum of \$500. In this case, enter 1/2 of the smaller of line 9 or line 10.

Part 2 - Available Credit Carryover

Lines 12 through 17 -

No carryover amount is available for 2016. Do not enter any amounts on lines 12 through 17.

NOTE: If you have a carryover amount available from prior years for cash contributions made to qualifying foster care charitable organizations for which you claimed a credit on Form 321, you **must** claim any available carryover amount from those contributions on Form 321.

Part 3 - Total Available Credit

Lines 18 through 20 -

Use lines 18 through 20 to figure your total available credit for 2016.

Line 18 -

Enter the amount from Part 1, line 11. Also, enter this amount on Form 301, Part 1, line 32, column (a).

Line 19 -

Do not enter an amount on line 19.

Line 20 - Total Available Credit

Enter the amount from line 18. Enter the total. Also, enter this amount on Form 301, Part 1, line 32, column (c).