What is a Qualifying Charitable Organization?

A qualifying charitable organization (charity) is a charity that is exempt from federal income tax under Internal Revenue Code (IRC) § 501(c)(3). A qualifying charity is also a charity that is a designated community action agency that receives

CAUTION: 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 cash contributions made to a qualifying charitable organization.

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

This credit is available only to individuals. Corporations may not claim this credit. A partnership may not pass the credit to its partners. An S corporation may not pass the credit to its shareholders.

Beginning 2016, credit eligible contributions made to a qualifying charitable organization from January 1, 2017, to 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, to 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.

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.
Community Services Block Grant Program money under the United States Code, Title 42, Section 9901. The charity must spend at least 50% of its budget on services to Arizona residents who receive Temporary Assistance for Needy Families benefits, who are low income Arizona residents, or who are chronically ill or physically disabled children.

For the purpose of this credit, qualifying services are services that meet the recipient’s immediate basic needs. The services must be provided and used in Arizona. Services that meet these needs include cash assistance, medical care, childcare, food, clothing, shelter, job training, and job placement services.

How Can I Tell if a Charity Qualifies?

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. To see if a particular charity qualifies, visit the department’s website and click on Tax Credits to see a list of the qualifying 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 charitable organization for which you made cash contributions or paid fees from January 1, 2016, through December 31, 2016:

- name of the qualifying charitable organization,
- location of the qualifying charity (city and state), and
- amount of cash contributions made from January 1, 2016, through December 31, 2016.

If you made qualifying cash contributions to a second and third qualifying charity, complete line(s) 2 and 3.

If you made qualifying cash contributions to four or more qualifying 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 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 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 charitable organization,
- location of the qualifying 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 charity, complete line(s) 6 and 7.

If you made qualifying cash contributions to four or more qualifying 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 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 $400. Married taxpayers enter $800.

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 $400. In this case, enter 1/2 of the smaller of line 9 or line 10.

Part 2 - Available Credit Carryover

NOTE: If you have a carryover amount from a prior year for cash contributions made to a qualifying foster care charitable organization for which you claimed a credit on Form 321, you must claim the carryover amount on Form 321.

Do not claim any carryover amount on Form 352 from contributions made to qualifying foster care charities and claimed on Form 321 in prior years.

Lines 12 through 17 -

Use lines 12 through 17 to figure your total available credit carryover from taxable years 2011 through 2015. Complete lines 12 through 17 if you claimed this credit on a return for one of these years and the credit was more than your tax.
NOTE: 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.

For example: During 2016, Mary, a single person, gave $600 to a qualified charity that provides services to the working poor. For 2016, Mary is allowed a maximum credit of $400. Mary’s 2016 tax is $250. Mary can apply $250 of the credit to her 2016 tax liability and carryover $150 of the unused $400 credit to 2017.

Mary cannot claim any credit for the $200 gift that was more than the allowable credit for cash contributions made to the qualifying charity that provided services to the working poor ($600 minus allowable credit of $400).

- In column (b), enter the credit originally computed for that taxable year listed in column (a).
- In column (c), enter the amount of the credit from that taxable year which you have already used.
- In column (d), subtract the amount in column (c) from column (b) and enter the difference.
- Add the amounts entered on lines 12 through 16 in column (d).

Enter the total on line 17, column (d).

Part 3 - Total Available Credit

Lines 18 through 20 -
Use lines 18 through 20 to figure your total available credit for the taxable year.

Line 18 -
Enter the amount from Part 1, line 11. Also, enter this amount on Arizona Form 301, Part 1, line 12, column (a).

Line 19 -
Enter the amount from Part 2, line 17, column (d). Also, enter this amount on Arizona Form, Part 1, line 12, column (b).

Line 20 - Total Available Credit
Add line 18 and line 19. Enter the total. Also, enter this amount on Form 301, Part 1, line 12, column (c).