2014 Credit for Contributions
To Qualifying Charitable Organizations

Phone Numbers
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 and Brochures
To view or print the department’s publications and brochures, go to our website and click on Publications.

General Instructions

NOTE: Beginning 2014, you must also complete Arizona Form 301, Nonrefundable Individual Tax Credits and Recapture, and include Forms 301 and 321 with your tax return to claim this credit.

Arizona law provides a credit for cash contributions made to certain charities that provide help to the working poor. The maximum amount of credit for these donations is $200 for single taxpayers or heads of household. For married taxpayers, the maximum credit is $400.

The maximum credit may be increased for cash contributions made to a qualified foster care charitable organization that is also a qualified charitable organization. If you made a contribution to a qualified foster care charitable organization, you can increase the maximum credit amount allowed from $200 to $400 ($400 to $800 for married filing joint).

If you made cash contributions to both types of charities during the taxable year, the total combined maximum credit allowed for the taxable year is $400 for single taxpayers or heads of household but no more than $200 of the total may be for contributions to a non-foster care qualifying charitable organization. For married taxpayers, the total combined maximum credit allowed for the taxable year is $800 but no more than $400 of the total may be for contributions to a non-foster care qualifying charitable organization.

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. 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.

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.

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.

You may qualify for this credit if you make cash contributions to a qualified 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 charitable organization or a qualifying foster care charitable organization that is certified by the department.

In this case, 100% of the donation to a specific qualifying charitable organization or qualifying foster care charitable organization or to a specific fund of the UCO must be distributed to a qualifying charitable organization or 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 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 either 100% of the fund is distributed to a qualifying charity that is certified by the department or 100% of the fund is distributed to 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 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 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.
A qualifying charitable organization also includes charities that are qualifying foster care charitable organizations. A qualifying foster care charitable organization is a qualifying charitable organization that each operating year provides services to at least two hundred foster children in Arizona. The charity must spend at least 50% of its budget on services to foster children in this state.

"Foster child" means a child placed in a foster home or child welfare agency. "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.

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, you should visit the department’s website and click on Tax Credits to see a list of the qualifying charities.

Line-by-Line Instructions

Part 1 - Current Year's Credit

Section A - Contributions to Qualifying Charitable Organizations

Complete Section A to claim a credit for cash contributions made to a qualified charitable organization other than a qualified foster care charitable organization.

Include any additional schedule with the credit form.

NOTE: Do not include donations to qualified foster care charitable organizations in Section A. List those cash contributions in Section B.

Lines 1a, 1b, and 1c -

Enter the name(s) and location of each qualifying charity to which you made cash contributions. Enter the amount donated to each charity in column (c).

If you donated to more than 3 qualifying charities, complete an additional schedule. The schedule should show the same information required for each of the additional charities to which you made contributions.

Line 1d -

Add the amount of cash contributions made to all qualifying charities listed in column (c) on lines 1a, 1b, 1c, and any additional schedule. Enter the total on line 1d.

Line 2 -

• Single taxpayers or heads of household, enter $200.
• Married taxpayers, enter $400.

Line 3 - Current Year's Credit

Enter the smaller of line 1d or line 2.

If you did not make any cash contributions to a qualified foster care charitable organization, and your filing status is:

• Single, head of household, or married filing joint
  • Enter the total amount from line 3 in Part 3, line 15.
  • Skip Section B and go to Part 2.
• Married filing separate
  • 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 $200 each. In this case, enter one-half (1/2) of the amount from line 3 in Part 3, line 15.
  • Skip Section B and go to Part 2.

If you made any cash contributions to a qualified foster care charitable organization, do the following:

• Enter the total amount from line 3 in Section B, line 5.
• Complete Section B.

Section B - Contributions to Qualifying Foster Care Charitable Organizations

Complete Section B to claim a credit for cash contributions made to a qualified foster care charitable organization.

Lines 4a, 4b, and 4c -

Enter the name(s) and location of each qualifying foster care charity to which you made cash contributions. Enter the amount donated to each charity in column (c).

If you donated to more than 3 qualifying charities, complete an additional schedule. The schedule should show the same information required for each of the additional charities to which you made contributions.

Line 4d -

Add the amount of cash contributions made to all qualifying foster care charities listed in column (c) on lines 4a, 4b, 4c, and any additional schedule. Enter the total on line 4d.

Line 5 -

Enter the amount from Section A, line 3.

Line 6 -

Add line 4d and line 5; and enter the total.

Line 7 -

• Single taxpayers or heads of household, enter $400.
• Married taxpayers, enter $800.

Line 8 -

Enter the smaller of line 6 or line 7.

If you are married filing a separate return, but you could have filed a joint return, you may take only one-half 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 each.

In this case, enter one-half of the smaller of line 6 or 7.
Part 2 - Available Credit Carryover
Lines 9 through 14 -

Use lines 9 through 14 to figure your total available credit carryover from taxable years 2009 through 2013.

Complete lines 9 through 14 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 2014, Mary, a single person, gave $300 to a qualified charity that provides services to the working poor. Mary also gave $200 to a qualified foster care charity. For 2014, Mary is allowed a maximum credit of $400. Mary’s 2014 tax is $125. Mary can apply $125 of the credit to her 2014 tax liability and may carryover $275 of the unused $400 credit to 2015.

Mary cannot claim any credit for the $100 gift that was more than the allowable credit for cash contributions made to the qualifying charity that provided services to the working poor ($300 minus allowable credit of $200).

- 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 9 through 13 in column (d).

Enter the total on line 14, column (d).

Part 3 - Total Available Credit
Lines 15 through 17-

Use lines 15 through 17 to figure your total available credit for the taxable year.

**Line 15** -
- If you are not claiming a credit for donations made to qualified foster care charities, enter the amount from Part 1, Section A, line 3.
- If you are claiming a credit for donations made to qualified foster care charities, enter the amount from Section B, line 8.

**Line 16** -
Enter the amount of available carryover from Part 2, line 14, column (d).

**Line 17** -
Add line 15 and line 16. Enter the total on line 17. This is your total available credit.

Enter the amount from Form 321, Part 3, line 17 on Arizona Form 301, Part 1, line 12, column (c).

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Arizona Form 321