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

If you claim this credit in 2018 for a cash contribution made from January 1, 2019, to April 15, 2019, you must make an adjustment on your Arizona Form 140 Schedule A, 140PY Schedule A(PY) or A(PYN), or 140NR Schedule A(NR), filed in 2019.

The maximum amount of credit that a taxpayer can establish for the current taxable year is $400 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 $800. In most cases, for married taxpayers who file separate returns, each spouse may claim only one-half (½) of the total credit that would have been allowed on a joint return up to $400.

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 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 cash contributions on behalf of member charities and directs those contributions as designated by the taxpayer to a qualifying charity that is certified by the department. In this case, 100% of the contribution to a specific qualifying charity or to a specific fund of the UCO must be distributed to a qualifying charity that is certified by the department.

The UCO should provide you with a receipt that lists the qualifying charity or fund and certifies that 100% of the contribution 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 charity 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, see the department’s publication, Pub 710, Credit for Contributions to Qualifying Charitable Organizations.

What is a Qualifying Charitable Organization?

A qualifying 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 TANF benefits,
* are low income Arizona residents, or
* 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 include cash assistance, medical care, childcare, food, clothing, shelter, job training, and job placement services.

How Can I Tell if a Charity Qualifies?
To qualify, a charity must provide the department with written certification that it meets the criteria to be considered a qualifying charity.

To see a list of the qualifying charities, visit our website and click on Tax Credits and select Contributions to QCOs and QFCOs.

What is a Qualifying Charitable Organization Code?
For Arizona tax credit purposes, the department assigns a code (a 5 digit identification number) to each qualifying charitable organization and the UCO fund (for example: 23456). If your donation receipt did not include the charity’s code, the department’s list of qualifying charities includes the code assigned to each charity and the UCO fund code.

Be sure to enter the code number, in column (a), for each qualifying charity for which you and your spouse made cash contributions.

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
A. Cash contributions made January 1, 2018, through December 31, 2018

Lines 1, 2 and 3 -

Enter the following for each qualifying charity you or your spouse made cash contributions from January 1, 2018, through December 31, 2018, for which you or your spouse are claiming a credit on the 2018 tax return:
* Column (a): the five digit code number of the qualifying charity or the UCO fund code (for example: 23456);
* Column (b): the name of the qualifying charity or the UCO fund name; and
* Column (c): the amount of cash contributions made from January 1, 2018, through December 31, 2018.

Do not include those cash contributions that you or your spouse made from January 1, 2018, through April 17, 2018, for which you or your spouse claimed a credit on the 2017 tax return.

If you made cash contributions to more than three qualifying charities, complete the Continuation Sheet on page 3 of the form and include it with the credit form.

Line 4 -
Enter the amount from line 4h of the Continuation Sheet; otherwise enter “0”.

Line 5 -
Add lines 1 through 4, column (c) and enter the total.

B. Cash contributions made January 1, 2019, through April 15, 2019, for which you or your spouse are claiming a credit on the 2018 tax return

Lines 6, 7, and 8 -

Enter the following for each qualifying charity you or your spouse made cash contributions from January 1, 2019, through April 15, 2019, for which you or your spouse claimed a credit on your 2018 tax return:
* Column (a): the five digit code number of the qualifying charity or the UCO fund code (for example: 23456);
* Column (b): the name of the qualifying charity or the UCO fund name; and
* Column (c): the amount of cash contributions made from January 1, 2019, through April 15, 2019.

If you made cash contributions to more than three qualifying charities, complete the Continuation Sheet on page 3 of the form and include it with the credit form.
Line 9
Enter the amount from line 9h of the Continuation Sheet; otherwise enter “0”.

Line 10 -
Add lines 6 through 9, column (c). Enter the total.

Line 11 -
Add lines 5 and 10. Enter the total.

Line 12 -
Single taxpayers and taxpayers filing as head of household enter $400. Married taxpayers enter $800.

Line 13 – Total Current Year’s Credit
Enter the smaller of line 11 or line 12.

If you are married filing a separate return, but you could have filed a joint return, you may take only ½ 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 ½ of the smaller of line 11 or line 12.

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 that carryover amount on Form 321.]

Lines 14 through 19 -
Use lines 14 through 19 to figure your total available credit carryover from taxable years 2013 through 2017. Complete lines 14 through 19 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 2018, Mary, a single person, gave $600 to a qualified charity. For 2018, Mary is allowed a maximum credit of $400. Mary’s 2018 tax is $250. Mary can apply $250 of the credit to her 2018 tax liability and carryover $150 of the unused $400 credit to 2019.

Mary cannot claim any credit for the $200 gift that was more than the allowable credit ($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 14 through 18 in column (d). Enter the total on line 19, column (d).

Part 3 - Total Available Credit

Lines 20 through 22 -
Use lines 20 through 22 to figure your total available credit for the taxable year.

Line 20 -
Enter the amount from Part 1, line 13. Also, enter this amount on Arizona Form 301, Part 1, line 11, column (a).

Line 21 -
Enter the amount from Part 2, line 19, column (d). Also, enter this amount on Form 301, Part 1, line 11, column (b).

Line 22 - Total Available Credit
Add line 20 and line 21. Enter the total. Also, enter this amount on Form 301, Part 1, line 11, column (c).