CREDIT FOR CONTRIBUTIONS TO CHARITABLE ORGANIZATIONS THAT PROVIDE ASSISTANCE TO THE WORKING POOR

Arizona law provides a credit for cash contributions made to qualifying charitable organizations that provide help to the working poor. This publication provides general information about Arizona's credit for taxpayers that make contributions to qualifying charitable organizations that provide help to the working poor. 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.

What is the maximum amount of the credit?

For 2006 and later years, the maximum credit for contributions made to organizations that help the working poor is $400 for married taxpayers. If married taxpayers file separate returns, each spouse may claim 1/2 of the credit that would have been allowed on a joint return. The maximum credit allowed for single taxpayers or heads of households is $200.

Who may claim this credit?

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. To be eligible for this credit, you must claim itemized deductions on your Arizona return for the same year the credit is claimed.

How do I claim the credit?

You report the name of the qualifying charitable organization you donated to as well as the dollar amount of your donation to the Department of Revenue on Form 321. Complete Form 321 and include it 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.

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

You can ask the charity to show you a copy of their official approval letter or certificate that the Department of Revenue gave them when they were approved as a qualifying charitable organization. The department publishes a list of organizations that are considered qualifying charitable organizations. The list is available on the department's website. You can also ask the following questions of the charity:

1. Is the charity exempt from federal income taxation under Section 501(c) (3) of the Internal Revenue Code? Or is the organization a designated community action agency that receives community services block grant program monies pursuant to 42 United States Code Section 9901?
2. Does the charity spend at least 50% of its budget on services to Arizona residents who receive Temporary Assistance for Needy Families benefits, to Arizona resident low-income households, or to chronically ill or physically disabled children who are residents of Arizona?

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 be directed to a member charitable organization or member group fund that would qualify on a standalone basis.

For Additional Information, call:

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

For Hearing Impaired - TDD only:

Phoenix ..... (602) 542-4021
Toll free from area codes 520 & 928 . (800) 397-0256

Or Write to:

Arizona Department of Revenue
Taxpayer Information & Assistance
1600 W Monroe
Phoenix AZ 85007

For Related Tax Information:

Internet Address ..... www.azdor.gov

This publication is available in an alternative format upon request.