

2013 Credit for Contributions To Qualifying Charitable Organizations

Arizona Form
321

Name Change - AZ Form 321

Arizona now allows you to also claim a credit for cash contributions made to qualifying foster care charitable organizations. As a result, the name of this credit form was changed from *Credit for Contributions to Charities That Provide Assistance to the Working Poor* to *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 Internet home page 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 home page 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 home page and click on *Publications*.

General Instructions

NOTE: Beginning in 2013, you are no longer required to claim itemized deductions on your Arizona return filed for the year in which you claim a credit for contributions made to qualifying charitable organizations.

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.

Beginning in 2013, the maximum credit has been 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 maximum** credit allowed for the taxable year is \$400 for single taxpayers or heads of household. For married taxpayers, the **total maximum** credit allowed for the taxable year is \$800.

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 5 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 type of charitable organization. In this case, you must designate your donation to a member charitable organization or member group fund that would qualify on a stand-alone basis.

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 brochure, 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 I - 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.

If you made cash contributions 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.

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 on line 15 in Part III.
 - Skip Section B and go to Part II.

- 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 on line 15 in Part III.
- Skip Section B and go to Part II.

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

- Enter the **total** amount from line 3 on line 5 in Section B.
- 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 II - Available Credit Carryover

Lines 9 through 14 -

Use lines 9 through 14 to figure your total available credit carryover from taxable years 2008 through 2012.

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 2013, 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 2013, Mary is allowed a maximum credit of \$400. Mary's 2013 tax is \$125. Mary can apply \$125 of the credit to her 2013 tax liability and may carryover \$275 of the unused \$400 credit to 2014.

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

- 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.
- Subtract the amount in column (c) from column (b) and enter the difference in column (d).
- Add the amounts entered on lines 9 through 13 in column (d).

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

Part III - 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 I, 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 II, line 14, column (d).

Line 17

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

If this is the only credit that you are claiming, and the credit shown on line 17 is equal to or less than your Arizona tax, enter the amount from Part III, line 17 on Form 140, page 1, line 25; or Form 140NR, page 1, line 27; or Form 140PY, page 1, line 28.

If you are claiming the family income tax credit or other credits from only Forms 310, 322, and/or 323, complete the following worksheet, **or** one of the credit worksheets in the Form 310, 322, or 323 instructions.

Credit Worksheet	
1. Enter your Arizona tax less the family income tax credit, if applicable.	.00
2. Enter the credit from Form 310, Part III, line 18.	.00
3. Enter the credit from Form 321, Part III, line 17.	.00
4. Enter the credit from Form 322, Part III, line 15.	.00
5. Enter the credit from Form 323, Part III, line 14.	.00
6. Add the amounts on lines 2, 3, 4, and 5. Enter the total.	.00
Compare the amount on line 6 to the amount on line 1. If the amount on line 6 is equal to or less than the amount on line 1, do one of the following:	
<ul style="list-style-type: none"> • If filing Form 140, enter the amount from line 6 on Form 140, page 1, line 25. • If filing Form 140NR, enter the amount from line 6 on Form 140NR, page 1, line 27. • If filing Form 140PY, enter the amount from line 6 on Form 140PY, page 1, line 28. 	
If the amount on line 6 is more than the amount on line 1, you must complete Form 301.	

If you are claiming nonrefundable credits from forms other than Form 310, 321, 322, and /or 323, you must complete Form 301.

If you have to complete AZ Form 301, enter the amount from Form 321, Part III, line 17 on Form 301, Part I, line 12.