



a new leaf

helping families, changing lives



Your Guide to Understanding the Arizona Charitable Tax Credit

All the information you need to use the Arizona
Charitable Tax Credit and make an impact!

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YOUR GUIDE TO THE ARIZONA CHARITABLE TAX CREDIT

The Arizona Charitable Tax Credit is an incredible resource for taxpayers in the state of Arizona to make an impact in their local communities. But, you might not know all of the details on how to use it.

The Arizona Charitable Tax Credit allows taxpayers to make a charitable contribution to an eligible nonprofit and receive a dollar-for-dollar tax credit against their AZ state taxes.

You can take advantage of this credit to help those most in need in our community, and it won't even cost you a penny.

How to use the Arizona Charitable Tax Credit can be very simple if you make use of this tax credit guide!



Disclaimer: This guide is only intended to be strictly informational and is not intended to provide, and should not be relied on for tax, legal, or accounting purposes. Individuals should seek consultation from a tax professional before utilizing any information present within this guide or elsewhere on A New Leaf's website.

Understanding the AZ Charitable Tax Credit

IMPORTANT THINGS TO KNOW

Please consult with a tax professional before acting on any information contained in this document.

- In order to to be claimed towards the [Arizona Charitable Tax Credit](#), the donation must be made by an individual.
- Your donation **must** be a cash donation. Remember, in-kind donations of any kind do not qualify for the tax credit! Only a cash, financial gift counts.
- Donations **must** be made to a Qualified Charitable Organization (QCO). These organizations must have been certified by the state of Arizona and will have an established Qualified Charitable Organization code.

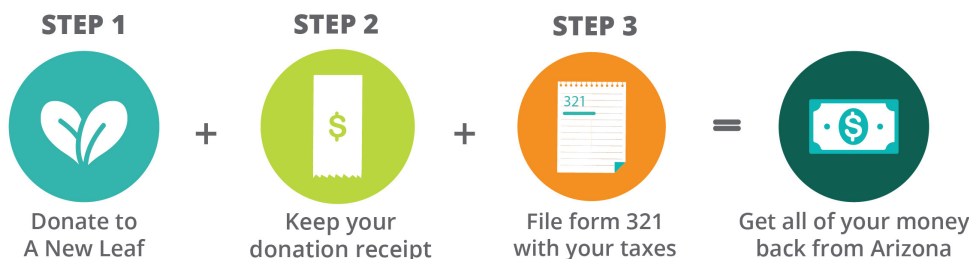
A New Leaf is a Qualified Charitable Organization and our QCO code is 20075!



CHANGE LIVES USING THE ARIZONA CHARITABLE TAX CREDIT

Making a gift and claiming your [Arizona Charitable Tax Credit](#) is incredibly easy, all you need to do is follow these steps to make your donation:

1. Make a gift to a Qualified Charitable Organization (QCO), like A New Leaf.
2. Keep a receipt of your gift to the charity. This will be a form of documentation that must be provided later.
3. Complete the appropriate tax form to claim your credit for your gift(s): [Arizona Form 321](#) for gifts to a Qualified Charitable Organization, like A New Leaf.
4. Get all of your money back from the state of Arizona!



YES, IT REALLY IS THAT SIMPLE

If you owed \$1,000 in taxes and made a gift of \$300 to a qualifying charitable organization, your tax liability will be reduced to \$700. If those taxes have already been paid, the state of Arizona will issue a refund. Claiming your AZ tax credit is that easy, and you can make an incredible impact with a gift through this program.

MAXIMIZING THE ARIZONA CHARITABLE TAX CREDIT

The maximum allowable credit for contributions to QCOs for single taxpayers, married filing separately, or heads of households for the 2023 tax year is \$421.

The maximum allowable credit for contributions to QCOs for joint taxpayers, the maximum credit for the 2023 tax year is \$841.

However, there is no minimum dollar threshold – a taxpayer can make a gift of any size, up to the maximums described above. A taxpayer can make a \$10 donation, submit their [Arizona Form 321](#), and receive a tax credit in the amount of \$10 from the state of Arizona. Please note that the Arizona Department of Revenue may update the amount of this tax credit periodically. Please check the [ADOR website](#) before making a donation to know the current amount.

Do note, however, that the [Arizona Charitable Tax Credit](#) can only be applied up to your current Arizona state tax liability. The total amount of available credit that a taxpayer may use for the taxable year cannot be greater than the tax liability owed toward the state of Arizona.

As an example, imagine you donated \$841 as a household to A New Leaf; but then, you realize you only have a tax liability of \$300. You will receive \$300 back from the state of Arizona, but not more than that since your liability was below the gift made.

If you find yourself in this situation, you can carry forward the difference for up to 5 consecutive years! This ensures that even if your liability is lower than a gift, you can still claim that gift in a future tax year against your liability.



\$421

Maximum gift for single filers, married filing separately, or heads of households



\$841

Maximum gift for joint taxpayers, married filing jointly



TELL YOUR TAXES WHERE TO GO AND MAKE A LOCAL IMPACT!

The [Arizona Charitable Tax Credit](#) empowers you to decide on how your tax dollars are used. By making a donation to a charitable organization of your choice, you have the opportunity to support a cause you deeply care about and make a positive impact in your local community.

What makes the AZ Charitable Tax Credit truly remarkable is that you can channel your tax dollars to the charities you believe in, without incurring any actual cost to yourself.

You can help your neighbors facing homelessness, domestic violence, poverty, or another challenge - all through the AZ Charitable Tax Credit!

KNOW THE DIFFERENCE BETWEEN TAX CREDITS AND TAX DEDUCTIONS

Important to understand is the simple difference

between a tax credit and a tax deduction. The [Arizona Charitable Tax Credit](#) is a tax credit, and this brings more direct benefits compared to a deduction:

- [Tax credits](#) directly reduce the amount of taxes you owe, giving you a dollar-for-dollar reduction of your tax liability. A tax credit valued at \$841, for instance, lowers your tax bill by a corresponding \$841.
- [Tax deductions](#), reduce how much of your income is subject to taxes. Deductions lower your taxable income by the percentage of your highest federal income tax bracket. So if you fall into the 22% tax bracket, an \$841 deduction only saves you \$185.

HOW AN ORGANIZATION QUALIFIES FOR THE ARIZONA CHARITABLE TAX CREDIT PROGRAM

In order to qualify for the [Arizona Charitable Tax Credit](#) program and be designated as a [Qualified Charitable Organization](#), an organization must: "provide immediate basic needs to residents of Arizona who receive Temporary Assistance for Needy Families (TANF) benefits, are low income residents of Arizona, or are children who have a chronic illness or physical disability." This designation is determined by the [Arizona Department Of Revenue](#), although criteria may change.

Every year, the Arizona Department of Revenue updates a [list of Qualifying Charitable Organizations](#) meeting the department's [requirements](#). Taxpayers should always check this list each year to ensure their donation is going to a qualifying charitable organization. An organization should always have and provide a qualifying charitable organization code.





Key Deadlines for the AZ Charitable Tax Credit

An important fact to understand about the [AZ Charitable Tax Credit](#) is that you can make a gift and claim it on your state taxes through the end of the tax season of the current year for the prior tax year. For example, you can make a gift in March of 2024, and still be able to claim it on your 2023 taxes. **You do not need to make your [Charitable Tax Credit](#) gift prior to December 31 to claim a state tax credit on your taxes for that year.**

Do note that you are required to list donations from different calendar years separately on [Arizona Form 321](#). When filing your taxes, Charitable Tax Credit gifts made between January 1 and December 31 are required to be listed on Part 1, section A of [Arizona Form 321](#). Charitable Tax Credit gifts made between January 1 and the tax deadline of the current year, but intended to be used for your previous year taxes, must be listed on Part 1, section B of [Arizona Form 321](#).

FEDERAL TAX DEDUCTIONS HAVE A DIFFERENT SCHEDULE

All taxpayers should be aware that the [IRS](#) operates on a different schedule than the state of [Arizona](#). For an [AZ Charitable Tax Credit](#) gift to be claimed as a federal tax deduction, **you must make your gift prior to December 31st of the tax year you wish to claim it in.**

You should keep this in mind when making your charitable gifts to maximize your tax benefits, however, it is advised that you consult a tax professional to best organize your charitable giving. Federal tax rules change often and these specific details may have changed since this document was published.



STATE AND FEDERAL CARRYOVER PERIODS

The state of Arizona and the IRS allow for a five consecutive year carryover period when claiming itemized deductions for charitable contributions. As such, this 5-year carryforward period applies to the [Arizona Charitable Tax Credit](#).

DEDUCTIONS AND THE VALUE OF GOODS AND SERVICES

All charitable contributions are subject to IRS rules that require the value of any goods and services received to be deducted from the total gift. This means that an individual that donates a \$421 charitable tax credit but receives a complimentary dinner valued at \$50 would only be able to claim \$371 towards the [Arizona Charitable Tax Credit](#).

REQUIRED CHARITABLE GIFT DOCUMENTATION

To claim a tax credit charitable contribution, the state of Arizona and the IRS require proper documentation of the gift. Qualifying Charitable Organizations should provide donation receipts and a QCO code for use in substantiating state tax credits and deductions.

PAYROLL WITHHOLDING AND TAX CREDITS

Arizona and the IRS both allow for payroll withholding as a method of making charitable contributions. To provide documentation, you should provide proof of your pledge, and appropriate documentation from your employer proving payment.



Key Contacts and Documents for the AZ Charitable Tax Credit

Claiming your [Arizona Charitable Tax Credit](#) is simple, but can sometimes be intimidating if you have not done it before. It is always recommended that you consult a tax professional to decide on how to move forward with making your [Arizona Charitable Tax Credit](#) gift.

To learn about how your state tax credit can make an impact, call 480-464-4648 and A New Leaf's staff can assist you.

FORM 321 CONTACTS

[Arizona Form 321](#) provides two contact phone numbers for taxpayers making contributions to qualifying charitable organizations.

For the Phoenix area, call: 602-255-3381

Area codes 520 and 928, call: 800-352-4090

ARIZONA DEPARTMENT OF REVENUE

The [Arizona Department Of Revenue](#) provides a customer care line and general contact line at 602-255-3381.

You can also visit the Arizona Department of Revenue's [website](#).

A New Leaf thanks you for supporting your community!

If you are deciding on a Qualified Charitable Organization to give your Arizona Charitable Tax Credit to, consider helping your community through A New Leaf. With a wide diversity of programs helping women, children, veterans, families, and men, A New Leaf can help you direct your charitable tax credit to the cause you care most about.

HERE ARE THE MANY WAYS THAT YOUR TAX CREDIT CAN MAKE AN IMPACT THROUGH A NEW LEAF:



housing and shelter PROGRAMS

- Affordable Housing
- Family Homeless Shelters
- Previously Incarcerated Housing Assistance Programs
- Men's Homeless Shelters
- Rapid Re-Housing
- Rent and Utility Assistance
- Supportive Housing
- Tenant Based Rental Assistance

health and wellness PROGRAMS

- Adult and Child Counseling/Therapy
- Behavioral Health After School and Summer Programs
- Family Counseling and Support
- Medication Management

financial empowerment PROGRAMS

- Career Training and Services
- Employment Assistance
- Financial Coaching
- Free Low-Income Tax Assistance
- Matched Savings Programs
- Post-Incarceration Assistance
- Rent and Utility Assistance
- Small Business Development Support
- Veteran Support Services

domestic violence services PROGRAMS

- Court Advocacy
- Domestic Violence Hotline
- Domestic Violence Shelters
- Sexual Violence Helpline
- Sexual Violence Services
- Shelter Overflow Emergency Housing
- Trauma Informed Healing and Support

educational services PROGRAMS

- After School and Summer Programs
- Early Childhood Education
- Matched College Savings Program
- Referrals to Adults Education Programs
- Tutoring and Academic Support

family support PROGRAMS

- Family Connections Program
- Nurturing Parenting Program
- Parents and Children Teaming Together
- Supervised Visitation

foster care PROGRAMS

- Kinship Licensing
- Therapeutic Foster Care Licensing
- Traditional Foster Care Licensing



worthy of your trust

A New Leaf has delivered life-changing, and life-saving services across the Greater Phoenix area for nearly 50 years, ensuring that every dollar is spent carefully. Your donation will go directly to helping those most in need in our community, making an incredible impact.

For more information, or to make a tax credit gift to A New Leaf, go to www.turnanewleaf.org/tax-credit or call (480) 464-4648.