

Charitable Tax Credit

Making Your State Tax Dollars Go To Work For Arizona's Children

You can now reduce your Arizona tax liability while helping those who need it the most Arizona's children. Thanks to the Arizona Charitable Tax Credit Program for the Working Poor, Arizona taxpayers now have even more incentive to donate to Chances for Children-Arizona.

Couples can contribute up to \$400.00 (individuals \$200.00) and may earn a dollar-for-dollar-tax credit on their Arizona Income Tax return; this means your actual tax bill can be reduced by this amount. In addition, your donation to Chances for Children-Arizona also qualifies as a charitable deduction on your federal income tax return if you itemize.

Your donation will help Chances for Children-Arizona provide low income children in schools, recreation services and scholarships (including clothing, shoes and entry fees); nutrition and health education that is aimed at the prevention of childhood obesity and diseases (including health screenings and assessments); and character education opportunities aimed at the prevention of negative influences and further continuing education.

Frequently Asked Questions

What's the difference between a tax credit and a tax deduction?

A tax deduction is an expense that reduces taxable income, which is the number upon which your tax liability is calculated. A tax credit, on the other hand, is applied to reduce your tax liability dollar-for-dollar. In other words, a tax credit comes right off the top of your state income tax bill, lowering the amount of money you will pay. So a \$400 contribution would mean a \$400 reduction in your tax bill!

How does this tax credit affect the tax credits for private school tuition and public school extra curricular activities?

You can receive a dollar-for-dollar tax credit for giving to all three! The working poor tax credit is different from the school tax credits. As such, you can donate up to \$400.00 to Chances for Children-Arizona the working poor, up to \$1,000 for private school tuition and \$400.00 for public school extra-curricular activities.

Do I have to give \$400 to get the tax credit?

You may receive an Arizona state tax credit of up to \$400 if you are married and filing jointly or \$200 if you are married and filing separately or a single taxpayer or head of household. If you give \$100, you will be eligible for a tax credit of \$100. If you give \$600, you will be eligible for up to a \$400 tax credit, depending on your tax liability and filing status, as well as a tax deduction for any amount you donate over the tax credit limit. Of course, your entire contribution is also eligible as a tax deduction on your federal tax return.

When is my baseline year?

Your baseline year is the first year - as early as 1996 - that you itemized charitable deductions on your federal tax return. If you did not itemize in 1996, then the first year that you did itemize will be your baseline year. Once established, your baseline year does not change unless you change your filing status.

If I didn't give to a charitable organization last year, can I still get a tax credit this year?

Your baseline year begins with the first year you itemized your charitable contributions (but no earlier than 1996). If you have not previously itemized your charitable contributions, you must establish a baseline year. Once you establish the baseline year, you become eligible for the tax credit the following year. If you are unsure if you qualify for the tax credit, you should contact your tax advisor for clarification.

If I don't itemize my deductions can I still get a tax credit?

No, you must itemize your deductions in order to receive the tax credit.

Can I take the tax credit if I don't owe any money to the State of Arizona when I file my taxes?

The tax credit reduces your tax liability and will serve to increase your tax refund if you have paid in more in taxes than you owe.

How do I document my contribution?

Chances for Children-Arizona sends all donors a letter confirming your contribution. This letter documents your contribution and is necessary to support your tax credit.

How do I file for the credit?

You or your accountant should complete AZ Form 321, a simple tax form, to claim the credit. The form is included with materials provided by the State of Arizona to all state tax filers.

Where can I get more information about the tax credit?

Information can be found at the Arizona Department of Revenue website at www.azdor.gov/brochure/710.pdf or by calling Taxpayer Assistance at 602 255-3381 or 800 352-4090.

How Can I Help?

Chances for Children-Arizona has a fiscal year ending June 30, 2008. We are currently in an active fundraising campaign. Please send your donation to:

Chances for Children-Arizona
9399 S. Priest Drive
Tempe, AZ 85284

More Questions?

Contact Janell Bolen at (602)708-2740