

ARIZONA TAX CREDITS:

Arizona has tax credits available to you. You must have a receipt which shows the place, the date paid, the amount paid. Make sure it is on the list of charities or schools at Arizona tax credits:

Click on this link: <https://azdor.gov/tax-credits>

The charity must be a (501) (c) (3) recognized charity. If you donate to a school: The school must provide a receipt showing the same kind of information. Arizona, on its' site has a list of commonly known charities.

Arizona has a new rule which allows these tax CREDITS to count as a charitable contribution AND as if you paid additional withholding in your W-2.

The nice thing about these credits is that they can count toward your Arizona tax liability as a payment. And, here is the fun part (if there is any fun part): you get to 'tell' Arizona where to spend your taxes for these amounts.

These tax credits and school credits are basic things: Charities and Schools:

Credits for contributions for **qcos** and **qfcos**:

1. Qualified Charitable Organizations. (qcos)
2. Qualified Foster Care Organizations. (qfcos)
3. Public School Tax credit.

Charitable Organization contributions can be counted in the prior year if made before April 15 of the next year; OR you can count it toward the current year.

Arizona Department of Revenue has assigned a five (5) digit code number to identify each Qualifying Charitable Organization and Qualifying Foster Care Charitable Organization for Arizona Tax credit purposes: use form 321 and form 352, taxpayers must use the "QCO code" or "QFCO" of certified organizations to claim the credits for contributions QCOs and QFCOs. Arizona Department of Revenue site has a list of Charities and their respective codes. Note: Some of this credit may reduce the tax liability and hopefully increase the refund a portion of which would be from withholding. (Nothing is simple!).

The Public School tax **credit** is claimed by the individual taxpayer(s) on form 322. The maximum credit allowed is \$400 for married filing joint filers and \$200 for single, heads of household and married filing separate filers. This is a nonrefundable credit. This credit is for making contributions or paying fees paid directly to public school in AZ for support of eligible activities, programs or purposes (as defined by statute).

Note: The taxpayer must report (CTDS) the school's County Code, Type Code, and District Code & Site Number, use AZ form 322. This information is taken from the Arizona Department of Revenue site and is offered here as information for your use.

Disclaimer: All of this is subject to change/tax code updates/and other unknown events.

More directly from the AZ website:

Contrary to popular belief, Arizona taxpayers do not need to make their charitable contributions to QCOs and QFCOs before December 31 of a given year in order to be eligible for state tax credits for *that* year. The state of Arizona allows taxpayers to claim tax credits for gifts through April of the current year for prior tax year. In 2020, the deadline for making a charitable contribution for the 2019 tax year under the AZ Charitable Tax Credit is April 15, 2020.

Information continued: The state of Arizona, however, does require donations from different calendar years to be listed separately on Arizona form 321 and Arizona Form 352. For the 2019 tax year cash contributions that were made between January 1, 2019 and December 31, 2019, are required to be listed on Part 1, section A of Both Arizona Form 321 (for QCO gifts) and Arizona Form 351 (for QFCO gifts). Cash contributions that were made between January 1, 2020 and April 15, 2020, are required to be listed on Part 1, section B of both Arizona Form 321 (for QCO gifts) and Arizona Form 352 (for QFCO gifts).

(THIS INFORMATION AND CONCEPT APPLIES AT PRINTING OF THIS LETTER AND IS SUBJECT TO TAX CODE CHANGES): We hope 2021 is the same: We shall see.

The author has been experimenting with the QCO charitable credit and found that some QCO credits produce a better (larger) deduction on the tax return, which reduces the tax liability and hopefully more of the state withholding will be in a refund.