

House Bill 2287 Employer Information Reductions to Arizona Withholding Tax

House Bill 2287 allows employees to request that their employer reduce their withholding by the amount of the tax credit the employee will qualify for and be entitled to claim for contributions to a qualifying charitable organization, school tuition organization or public school, collectively known as “charitable organizations”, when filing their tax return. Employees may begin making their requests known to their employers beginning January 1, 2010. The employee must supply his employer with the name of the charitable organization that will be receiving the donation and the total amount they wish to donate. This information shall be treated by the employer as confidential information.

Employers may or may not agree to honor the employee’s request. If an employer agrees to honor the employee’s request, within thirty days, the employer will reduce the employee’s withholding by the amount requested by the employee, but not below zero, prorated over the rest of the employee’s taxable year. The employer shall retain the reduced amount. If all other factors remain equal, the employee’s net paycheck would be the same as if the employee had not made this request.

If the employer agrees to reduce the employee’s withholding, the employer is:

- required to make quarterly payments within fifteen days after the end of each calendar quarter to the charitable organization on behalf of the employee. Only the employee is entitled to claim the credit for contributions made to the charitable organizations.
- required to provide statements of withholding to the employee and the Department of Revenue which are due within 30 days after the close of the calendar year (January 30).
- required to provide statements of withholding to the employee and the Department of Revenue within 15 days after termination of employment.
- responsible and accountable to the charitable organization, employee and Department of Revenue for actually making the required payments.

General instructions regarding the completion of the Arizona Charitable Withholding Statement or any other tax forms are available for review at www.azdor.gov.