



## INSTRUCTIONS FOR APPLICANT:

### QUALIFYING CHARITABLE ORGANIZATION

Arizona law provides for taxpayers to claim a tax credit for cash contributions made to Qualifying Charitable Organizations (QCO) that provide assistance to Arizona residents in meeting basic needs. The Credit for Donations made to Qualifying Charitable Organizations, formerly known as the “Working Poor Tax Credit”, has been expanded to include charities that serve a larger segment of the population.

Qualification as a QCO is determined based upon an organization meeting **all** of the following criteria:

1. The organization is a nonprofit 501(c) (3) or is a designated community action agency that receives community services block grant program monies pursuant to 42 United States Code section 9901.
2. The organization spends over fifty percent of its budget to provide qualifying services to qualifying populations. As defined in A.R.S. §43-1088.J.5, “services” means cash assistance, medical care, childcare, food, clothing, shelter, job placement, and job training services or any other reasonably necessary support to meet immediate basic needs.
3. The organization provides qualifying services to residents of Arizona who receive Temporary Assistance for Needy Families benefits, are classified as low-income residents, or are individuals who have a chronic illness or physical disability. As defined in A.R.S. §43-1088.J.2, “Low-income residents” means persons whose household income is less than 150% of the federal poverty level. As outlined in A.R.S. §43-1088.J.1, “Individuals who have a chronic illness or physical disability” means individuals whose primary diagnosis is a severe physical condition that may require ongoing, medical or surgical intervention.

The Department has published finalized QCO guidelines. The document is available for your review [here](#).

If you would like to virtually meet with the QCO/QFCO Program Manager, please click [here](#). You will be provided with the dates and time slots available. Please select the time and date that works best for you. Once you have selected the time slot, you will be prompted to insert your contact information. You will receive an email with the link to the virtual meeting on the date selected, please save the email to refer back to on the day of the meeting.

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## ***Steps to Apply***

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1. Complete the application form by providing contact information and affirming that you meet all requirements as listed on the form. **You must meet all of the first six requirements to be considered as a Qualifying Charitable Organization under the law.**
  - Initial all fields and sign the certification form by an officer of your organization. The signer should be able to represent the charity in official matters, e.g., the Chief Executive Officer, President, Secretary, Treasurer, Vice-President of Tax, Chief Financial Officer, Chief Operating Officer, Chief Tax Officer, or any other corporate officer who has the authority to bind the organization on matters related to state tax.
  
2. In the context of the law, submit a narrative/description of services that describes:
  - The qualifying services your organization provides.
    - “Services” means cash assistance, medical care, childcare, food, clothing, shelter, job placement, and job training services or any other assistance that is reasonably **necessary to meet immediate basic needs** and that is provided and used in this state.
  - The qualifying population you serve and how you determine eligibility.
    - Residents of Arizona who receive TANF benefits, are classified as low-income residents and/or are individuals who have a chronic illness or physical disability.
      - “TANF” means Temporary Assistance for Needy Families benefits.
      - “Low-income residents” means persons whose household income is less than 150% of the federal poverty level. Current year poverty guidelines from the Federal Register are provided [here](#) under the “What qualifies as low income” tab.
      - “Individuals who have a chronic illness or physical disability” means individuals whose primary diagnosis is a **severe physical condition** that may require ongoing medical or surgical intervention. The definition does not include intellectual and developmental disabilities without such a diagnosis of a severe physical condition. Consequently, individuals who are diagnosed only with disabilities that are *not* physical in nature do not qualify. Organizations will be expected to describe the illnesses and physical disabilities from which their clients suffer in the narrative/description of services.
  - How your financial statements demonstrate that at least fifty percent of your operating budget is spent on the services and populations identified for this program.
  
3. Submit a copy of your financial statements for the prior operating year, indicating the amount spent on services and populations identified in your narrative/description of services. For example:
  - Proposed budget if charity is newly formed, Profit and Loss Report, or Statement of Functional Expenses. *Please note: Federal tax forms (W-2, 990) **do not** contain the level of detail necessary.*
  
4. Submit a copy of your federal 501(c)(3) letter or a copy of your status as a community action agency that receives community services block grant program monies.
  
5. Application materials must be **submitted electronically**.

**Email to:** [QCO@azdor.gov](mailto:QCO@azdor.gov)

**Use subject:** *QCO Application – [name of your organization]*

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***Evaluation Process and Follow Up***

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Applications are processed on a first come, first serve basis. Applications that are complete with the appropriate supplemental materials will take less time to process than those that are incomplete. Efforts are made to process applications within a two-week turnaround time, yet there are certain times of the year, (end of the year and beginning of the year) when the turnaround time make take longer.

**IF THE ORGANIZATION QUALIFIES:**

- The Organization will be notified via email that the organization meets the criteria to be considered as a Qualifying Charitable Organization. The email will include the approval letter and certificate.

**IF THE ORGANIZATION DOES NOT QUALIFY:**

- The Organization will be notified via email that the organization does not meet the criteria to be considered a Qualifying Charitable Organization.
- The Organization can reapply as a Qualifying Charitable Organization at any time during the year. Submit written certification that complies with the criteria of the law via email.
- The Organization will be provided with information on how to request an informal meeting to discuss the decision or how to schedule a formal appeal.

**FOR QUESTIONS/CONCERNS**

Contact the program administrators: QCO/QFCO Program Manager

**Email:**            **QCO@azdor.gov**  
**Call:**                **(602) 716-6372 ext. 2**