

# 2010 Credit for Contributions to Charities That Provide Assistance to the Working Poor

**Arizona Form**  
**321**

## Phone Numbers

If you have questions, please call one of the following numbers:

Phoenix	(602) 255-3381
From area codes 520 & 928 toll-free	(800) 352-4090
Hearing impaired TDD user	
Phoenix	(602) 542-4021
From area codes 520 & 928 toll-free	(800) 397-0256

You may also visit our web site at: [www.azdor.gov](http://www.azdor.gov)

## General Instructions

*NOTE: For taxable years 2009 and later, the baseline year requirement has been eliminated. However, to claim a current year credit or a carryover credit for taxable years 2009 and later, you must claim itemized deductions on the return filed for the year in which you are claiming the credit. You cannot claim both a tax credit and an itemized deduction for the amount of contributions made to a qualifying charity.*

For taxable years beginning on or after January 1, 1998, Arizona law provides a credit for cash contributions made to certain charities that provide help to the working poor. The maximum amount of this credit is \$200 for single taxpayers or heads of household. For married taxpayers, the maximum credit is \$400.

If the allowable tax credit is more than your tax or if you have no tax, you may carry the unused credit forward for up to the next 5 years.

This credit is available only to individuals. Corporations may not claim this credit. A partnership may not pass the credit through to its partners. An S corporation may not pass the credit through to its shareholders.

You may qualify for this credit if you make cash contributions to a qualifying charity. You may also qualify for this credit if you make cash contributions to a qualified charity through an umbrella type of charitable organization. In this case, you must designate your donation to a member charitable organization or member group fund that would qualify on a stand-alone basis.

*NOTE: You may now be able to make credit eligible contributions to a qualified charity that provides assistance to the working poor through payroll withholding. Check with your employer to see if your employer has agreed to withhold contributions for this credit from your pay.*

For more information on this credit, see the Arizona Department of Revenue brochure, Pub 710, *Credit for Contributions That Provide Assistance to the Working Poor*. To get a copy of this brochure, visit our web site, or call one of the numbers listed above.

## What is a Qualifying Charity?

A qualifying charity is a charity that is exempt from federal income tax under Internal Revenue Code Section 501(c)(3). A qualifying charity is also a charity that is a designated community action agency that receives Community Services Block Grant Program money under the United States Code, Title 42, Section 9901. The charity must spend at least 50 percent of its budget on services to Arizona residents who receive Temporary Assistance for Needy Families benefits, who are low income Arizona residents, or who are chronically ill or physically disabled children.

For the purpose of this credit, qualifying services are services that meet the recipient's immediate basic needs. The services must be provided and used in Arizona. Services that meet these needs include cash assistance, medical care, childcare, food, clothing, shelter, job training and job placement services.

## How Can I Tell if a Charity Qualifies?

In order to qualify a charity must provide the Department with written certification that it meets the criteria necessary to be considered a qualifying charity. To see if a particular charity qualifies, you should ask to see a copy of the charity's determination letter or visit the Department's website [www.azdor.gov](http://www.azdor.gov) to see a list of the qualifying charities. You may also want to ask the charity the following questions:

- Is the charity exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code?
- If the charity is not exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code, is the charity a charity that is a designated community action agency that receives Community Services Block Grant Program money under the United States Code, Title 42, Section 9901?
- Does the charity plan to continue to spend at least 50 percent of its budget on services to Arizona residents who receive Temporary Assistance for Needy Families benefits, who are low income Arizona residents, or who are chronically ill or physically disabled children?

## Line-by-Line Instructions

### Lines 1 through 4 – Current Year's Credit

#### Line 1-

You must itemize your deductions in order to claim this credit. If you do not itemize deductions you may not claim a current year credit or a carryover credit. If you take the standard deduction you are not eligible for this credit.

#### Lines 2a, 2b, 2c -

Enter the name of the qualifying charity to which you made cash contributions. Enter the amount contributed to the charity.

If you made cash contributions to 2 qualifying charities, also complete line 2b.

If you made cash contributions to 3 or more qualifying charities, complete an additional schedule. The schedule should show the same information required on line 2a for each of the additional charities to which you made contributions.

Add the amount of cash contributions made to all qualifying charities listed on lines 2a, 2b, and any additional schedule. Enter the total on line 2c.

#### Line 3 -

Single taxpayers or heads of household enter \$200. Married taxpayers enter \$400.

#### Line 4 -

Enter the smaller of line 2c or line 3. If you are married filing a separate return, enter ½ of the smaller of line 2c or line 3 here. This is the current year's credit.

### **Lines 5 through 10 – Available Credit Carryover**

Use lines 5 through 10 to figure your total available credit carryover from taxable years 2005 through 2009. Complete lines 5 through 10 if you claimed this credit on a return for one of these years and the credit was more than your tax.

In column (b), enter the credit originally computed for the taxable year listed in column (a). In column (c), enter the amount of the credit from that taxable year which you have already used. Subtract the amount in column (c) from the amount in column (b) and enter the difference in column (d). Add the amounts entered on lines 5 through 9 in column (d). Enter the total on line 10, column (d).

### **Lines 11 through 13 – Total Available Credit**

Use lines 11 through 13 to figure your total available credit for 2010. Add line 11 and line 12. Enter the total on line 13. This is your total available credit.

If this is the only credit that you are claiming, and the credit shown on line 13 is equal to or less than your Arizona tax minus the clean elections fund tax reduction, enter the amount from line 13 on **Form 140**, page 1, line 27 **or Form 140NR**, page 1, line 29 **or Form 140PY**, page 1, line 30.

If you are claiming the family income tax credit or other credits from only Forms 310, 322, and/or 323, complete the following worksheet, **or** one of the credit worksheets in the Form 310, 322, or 323 instructions.

<b>Credit Worksheet</b>	
1. Enter your Arizona tax less the clean elections fund tax reduction and family income tax credit if applicable.	
2. Enter the credit from Form 310, line 18.	
3. Enter the credit from Form 321, line 13.	
4. Enter the credit from Form 322, line 12.	
5. Enter the credit from Form 323, line 12.	
6. Add the amounts on lines 2, 3, 4, and 5. Enter the result.	
Compare the amount on line 6 to the amount on line 1.	
If the amount on line 6 is equal to or less than the amount on line 1, do one of the following:	
<ul style="list-style-type: none"> <li>• <b>If filing Form 140</b>, enter the amount from line 6 on Form 140, page 1, line 27.</li> <li>• <b>If filing Form 140NR</b>, enter the amount from line 6 on Form 140NR, page 1, line 29.</li> <li>• <b>If filing Form 140PY</b>, enter the amount from line 6 on Form 140PY, page 1, line 30.</li> </ul>	
If the amount on line 6 is more than the amount on line 1, you must complete Form 301.	

If you are claiming nonrefundable credits from forms other than Form 310, 321, 322, and/or 323, you must complete Form 301.

If you have to complete Form 301, enter the amount from Form 321, line 13 on Form 301, page 1, line 13.

***NOTE:** If you are married, and you and your spouse file a separate return, you may each take only one-half of the total credit that would otherwise be allowed on a joint return.*