

2024 Credit for Contributions to Qualifying Charitable Organizations

Arizona Form
321

For information or help, call one of the numbers listed:

Phoenix (602) 255-3381
From area codes 520 and 928, toll-free (800) 352-4090

Tax forms, instructions, and other tax information

If you need tax forms, instructions, and other tax information, go to the department's website at www.azdor.gov.

Income Tax Procedures and Rulings

These instructions may refer to the department's income tax procedures and rulings for more information. To view or print these, go to our website select the *About* tab on the home page and select *Legal Research* from the drop-down menu and then click on *Procedures* or *Rulings* from the drop-down menu. Using the Category box, select the tax type and then scroll down to find the *Document ID* or use the *Search Keyword* function to locate the document.

Publications

To view or print the department's publications, go to our website select the *About* tab on the home page and select *Legal Research* from the drop-down menu and then click on *Publications* from the drop-down menu.

General Instructions

NOTE: You **must** also complete Arizona Form 301, Nonrefundable Individual Tax Credits and Recapture, and include Forms 301 and 321 with your tax return to claim this credit.

Arizona law provides a credit for cash contributions made to certain qualifying charitable organizations (charities) that provide assistance to residents of Arizona who either:

- receive Temporary Assistance of Needy Families (TANF) benefits,
- are low income residents of Arizona, or
- are children who have a chronic illness or physical disability.

CAUTION: A cash contribution to a qualifying foster care charitable organization does **not** qualify for, and **cannot** be included in, a credit claimed on Form 321 for cash contributions made to a qualifying charitable organization (QCO).

If you made cash contributions to a qualifying foster care charitable organization (QFCO), you **must** complete Form 352 to claim a credit for those contributions.

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.

What is a Qualifying Charitable Organization?

A qualifying charity is a charity that is exempt from federal income tax under Internal Revenue Code (IRC) § 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% of its budget on services to Arizona residents who:

- receive TANF benefits,
- are low income Arizona residents, or
- are chronically ill or physically disabled.

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 include cash assistance, medical care, childcare, food, clothing, shelter, job training, and job placement services or any other assistance that is reasonably necessary to meet immediate basic needs and that is provided and used in this state.

"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.

How Can I Tell if a Charity Qualifies?

To qualify, a charity must provide the department with written certification that it meets the criteria to be considered a qualifying charity.

To see a list of the qualifying charities, visit our website and click on *Tax Credits* and select *Contributions to QCOs and QFCOs*.

- For donations made in 2024 - use the 2024 list.
- For donations made from January 1, 2025 to April 15, 2025 - use the 2025 list.

A cash contribution for which a credit is claimed and that is made on or before the fifteenth day of the fourth month following the close of the taxable year may be applied to either the current or preceding taxable year and is considered to have been made on the last day of that taxable year.

For calendar year filers, credit eligible cash contributions made to qualifying charities from January 1, 2025 to April 15, 2025 may be claimed as a tax credit on either the 2024 or 2025 Arizona income tax return.

IMPORTANT: To claim a credit on your 2024 tax return for contributions made January 1, 2025 through April 15, 2025, the charitable organization must be certified by the department for the 2025 tax year.

If you claim this credit in 2024 for a cash contribution made from January 1, 2025 to April 15, 2025 you must make an adjustment on your 2024 Arizona Form 140 Schedule A, 140PY Schedule A(PY) or A(PYN), or 140NR Schedule A(NR).

NOTE: You cannot claim both a tax credit and an itemized deduction for the amount of contributions made to a QCO for which you are claiming a credit.

You cannot claim an increased standard deduction for the amount of contributions made to a QCO for which you are claiming a credit.

The maximum amount of credit that a taxpayer can establish for the current taxable year is \$470 for single taxpayers or heads of household. For married taxpayers filing a joint return, the maximum amount of credit that a taxpayer can establish for the current taxable year is \$938. In most cases, for married taxpayers who file separate returns, each spouse may claim only **one-half** (½) of the total credit that would have been allowed on a joint return up to \$470.

NOTE: *The maximum amount of credit established for the current taxable year does **not** include any unused valid carryover amount(s) from prior taxable years. Because this is a nonrefundable credit, the total amount of available credit [current year plus any valid carryover amount(s)] that a taxpayer may **use** for the taxable year cannot be greater than the tax liability shown.*

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 five consecutive taxable years' income tax liability.

You may qualify for this credit if you make cash contributions to a qualified charity through an Umbrella Charitable Organization (UCO). An UCO is a charitable organization that collects cash contributions on behalf of member charities and directs those contributions as designated by the taxpayer to a qualifying charity that is certified by the department.

In this case, 100% of the contribution to a specific qualifying charity or to a specific fund of the UCO must be distributed to a qualifying charity that is certified by the department.

The UCO should provide you with a receipt that lists the qualifying charity or fund and certifies that 100% of the contribution will be distributed to the named charity. If a fund is designated then the receipt should certify that 100% of the fund is distributed to a qualifying charity that is certified by the department.

NOTE: *You may be able to make contributions to these charities through your payroll withholding. Contact your employer and ask if they can withhold contributions for this credit from your pay.*

For more information, see the department's publication, Pub 710, *Credit for Contributions to Qualifying Charitable Organizations*.

What is a Qualifying Charitable Organization Code?

For Arizona tax credit purposes, the department assigns a code (a 5 digit identification number) to each qualifying charitable organization and the UCO fund (for example: 23456). If your donation receipt did not include the charity's code, the department's list of qualifying charities includes the code assigned to each charity and the UCO fund code.

Be sure to enter the code number, in column (a), for each qualifying charity for which you and your spouse made cash contributions.

Line-by-Line Instructions

Enter your name and Social Security Number (SSN) as shown on Arizona Forms 140, 140PY, 140NR, or 140X. All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for an individual is the taxpayer's SSN or an Internal Revenue Service (IRS) individual taxpayer identification number (ITIN). Taxpayers that fail to include their identification number may be subject to a penalty.

NOTE: *Complete Parts 1 and 3 if you are claiming a new credit for the current tax year.*

*If you are **only** claiming a carryover amount available from a previous credit, complete Parts 2 and 3.*

Part 1 - Current Year's Credit

A. Cash contributions made January 1, 2024 through December 31, 2024

Lines 1, 2 and 3

NOTE: *If you are married and filing separate returns, be sure to include all cash contributions made by you and your spouse.*

Enter the following for each qualifying charity you or your spouse made cash contributions from January 1, 2024, through December 31, 2024 for which you or your spouse are claiming a credit on the 2024 tax return:

- Column (a): the date you made the contribution (MM/DD/2024);
- Column (b): the five digit code number of the qualifying charity or the UCO fund code (for example: 23456);
- Column (c): the name of the qualifying charity or the UCO fund name; and
- Column (d): the amount of cash contributions made from January 1, 2024 through December 31, 2024.

*Do **not** include those cash contributions that you or your spouse made from January 1, 2024, through April 18, 2024 for which you or your spouse claimed a credit on the 2023 tax return.*

NOTE: *For contributions made to an Umbrella Charitable Organization, the Qualifying Charitable Organization Code and name of the qualifying charity are reported on the tax form. If a fund is designated, the Umbrella Charitable Organization Fund Code and the name of the fund are reported on the tax form.*

If you made cash contributions to more than three qualifying charities, complete the Continuation Sheet on page 3 of the form and include it with the credit form.

What if I Made More than Ten (10) Cash Contributions to the Same Qualified Charitable Organization?

If you made more than ten (10) re-occurring monthly donations (or used paycheck deductions) for contributions **to the same qualified charitable organization**, the department will permit the netting/summarizing of the contributions made to the same

charity and provision of one common date (for example 12/31/24). Enter the total amount of contributions made in column (d).

Line 4

Enter the amount from line 4h of the Continuation Sheet; otherwise enter "0".

Line 5

Add lines 1 through 4, column (d) and enter the total

B. Cash contributions made January 1, 2025 through April 15, 2025 for which you or your spouse are claiming a credit on the 2024 tax return

Lines 6, 7, and 8 -

NOTE: *If you are married and filing separate returns, include all cash contributions made by you and your spouse.*

Enter the following for each qualifying charity you or your spouse made cash contributions from January 1, 2025 through April 15, 2025 for which you or your spouse are claiming a credit on your 2024 tax return:

- Column (a): the date you made the contribution (MM/DD/2024);
- Column (b): the five digit code number of the qualifying charity or the UCO fund code (for example: 23456);
- Column (c): the name of the qualifying charity or the UCO fund name; and
- Column (d): the amount of cash contributions made from January 1, 2025 through April 15, 2025.

NOTE: *For contributions made to an Umbrella Charitable Organization, the Qualifying Charitable Organization Code and name of the qualifying charity are reported on the tax form. If a fund is designated, the Umbrella Charitable Organization Fund Code and the name of the fund are reported on the tax form.*

If you made cash contributions to more than three qualifying charities, complete the Continuation Sheet on page 3 of the form and include it with the credit form.

What if I Made More than Ten (10) Cash Contributions to the Same Qualified Charitable Organization?

If you made more than ten (10) re-occurring monthly donations (or used paycheck deductions) for contributions **to the same qualified charitable organization**, the department will permit the netting/summarizing of the contributions made to the same charity and provision of one common date (for example 04/18/24). Enter the total amount of contributions made in column (d).

Line 9

Enter the amount from line 9h of the Continuation Sheet; otherwise enter "0".

Line 10

Add lines 6 through 9, column (d). Enter the total.

Line 11

Add lines 5 and 10. Enter the total.

Line 12

Single taxpayers and taxpayers filing as head of household enter \$470. Married taxpayers enter \$938.

Line 13 – Total Current Year’s Credit

Enter the smaller of line 11 or line 12.

If you are married filing a separate return, but you could have filed a joint return, you may take only ½ of the total credit that you and your spouse would have been allowed to take on a joint return, up to a maximum of \$470. In this case, enter ½ of the smaller of line 11 or line 12.

Part 2 - Available Credit Carryover

NOTE: *If you have a carryover amount from a prior year for cash contributions made to a qualifying foster care charitable organization for which you claimed a credit on Form 321, you must claim that carryover amount on Form 321.*

Lines 14 through 19

Use lines 14 through 19 to figure your total available credit carryover from taxable years 2019 through 2023. Complete lines 14 through 19 if you claimed this credit on a return for one of these years and the credit was more than your tax.

NOTE: *You may carry over only that portion of the credit that you do not apply to tax. You cannot carry over any amount that you gave that was more than the maximum amount allowed as a credit.*

For example: During 2024, Mary, a single person, gave \$600 to a qualified charity. For 2024, Mary is allowed a maximum credit of \$470. Mary’s 2024 tax is \$250. Mary can apply \$250 of the credit to her 2024 tax liability and carryover \$130 of the unused \$470 credit to 2024.

Mary cannot claim any credit for the \$130 gift that was more than the allowable credit (\$600 minus allowable credit of \$470).

In column (b), enter the credit originally computed for that taxable year listed in column (a).

- In column (c), enter the amount of the credit from that taxable year which you have already used.
- In column (d), subtract the amount in column (c) from column (b) and enter the difference.
- Add the amounts entered on lines 14 through 18 in column (d).

Enter the total on line 19, column (d).

Part 3 - Total Available Credit**Lines 20 through 22**

Use lines 20 through 22 to figure your total available credit for the taxable year.

Line 20

Enter the amount from Part 1, line 13. Also, enter this amount on Arizona Form 301, Part 1, line 6, column (a).

Line 21

Enter the amount from Part 2, line 19, column (d). Also, enter this amount on Form 301, Part 1, line 6, column (b).

Line 22 - Total Available Credit

Add line 20 and line 21. Enter the total. Also, enter this amount on Form 301, Part 1, line 6, column (c).