

2017 Credit for Contributions To Qualifying Foster Care Charitable Organizations

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 and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

Publications

To view or print the department's publications, go to our website and click on *Publications*.

General Instructions

NOTE: You **must** also complete Arizona Form 301, Nonrefundable Individual Tax Credits and Recapture, and include Forms 301 and 352 with your tax return to claim this credit.

Arizona law provides a **separate** credit for cash contributions made to qualifying foster care charitable organizations (QFCO).

CAUTION: Cash Contributions made after December 31, 2015, to a QFCO do not qualify for, and cannot be included in, a credit claimed on Arizona Form 321 for cash contributions made to a qualifying charitable organization.

If you made cash contributions to a **non-foster care qualifying charitable organization**, you **must** complete Arizona Form 321 to claim a credit for those contributions. Do **not** use Form 352 to claim a credit for contributions made to non-foster care charitable organizations.

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.

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 a QFCO from January 1, 2018, through April 17, 2018, may be used as a tax credit on either your 2017 or 2018 Arizona income tax return.

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

If you claim this credit in 2017 for a cash contribution made from January 1, 2018, through April 17, 2018, you must make an adjustment on your Arizona Form 140 Schedule A, Form 140PY Schedule A(PY) or A(PYN), or Form 140NR Schedule A(NR) filed in 2018.

The maximum amount of credit that a taxpayer can establish for the current taxable year for these cash contributions is \$500 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 \$1,000. 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.

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 foster care charity through an Umbrella Charitable Organization (UCO). An UCO is a charitable organization that collects contributions on behalf of member charities and directs that contribution as designated by the taxpayer to a QFCO that is certified by the Department.

In this case, 100% of the contribution to a specific qualifying foster care charitable organization or to a specific fund of the UCO must be distributed to a QFCO that is certified by the Department.

The UCO will need to provide you with a receipt for your contribution that specifies the QFCO or fund to whom the contribution is designated and certifies that 100% of the contribution will be distributed to the named QFCO. If a fund is designated then the receipt should certify that 100% of the fund is distributed to a QFCO 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 about this credit, see the department's publication, Pub 710, *Credit for Contributions to Qualifying Charitable Organizations*.

What is a QFCO?

A QFCO is a qualifying charitable organization that each operating year provides services to at least two hundred qualified individuals in Arizona. The charity must spend at least 50% of its budget on services to qualified individuals in this state.

"Qualified individual" means a child placed in a foster home or child welfare agency or a person who is under 21 years of age and who is participating in a transitional independent living program.

"Foster home" means a home maintained by any individual or individuals having the care or control of minor children, other than those related to each other by blood or marriage, or related to such individuals, or who are legal wards of such individuals.

NOTE: For more information on what is a qualifying charitable organization, see the instructions for Form 321.

How Can I Tell if a Charity Qualifies?

In order to qualify, a foster care charity must provide the Department with written certification that it meets the criteria necessary to be considered a qualifying foster care charity.

To see if a particular charity qualifies, visit the department's website and click on *Tax Credits* to see a list of the qualifying foster care charities.

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.

Part 1 - Current Year's Credit

A. Cash contributions made January 1, 2017, through December 31, 2017

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

Lines 1, 2 and 3 -

Enter the following for each QFCO for which you made cash contributions or paid fees from January 1, 2017, through December 31, 2017:

- name of the QFCO,
- location of the QFCO (city and state), and
- amount of cash contributions made during 2017.

Do **not** include those cash contributions that you made from January 1, 2017, through April 18, 2017, for which you or your spouse claimed a credit on the 2016 tax return.

If you made cash contributions to more than three QFCOs, complete an additional schedule. The schedule should show the same information required on lines 1, 2 and 3 for each of the additional QFCOs to which you made cash contributions.

Line 4 -

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

Lines 5

Add lines 1 through 4, column (c). Enter the total.

B. Cash contributions made January 1, 2018, through April 17, 2018

Lines 6, 7, and 8 -

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 QFCO for which you made cash contributions from January 1, 2018, through April 17, 2018, for which you or your spouse are claiming a credit on the 2017 tax return.

- name of the QFCO,
- location of the QFCO (city and state), and
- amount of cash contributions made from January 1, 2018, through April 17, 2018

For calendar year filers: Because April 15, 2018, falls on a Sunday and District of Columbia Emancipation Day will be observed on Monday, April 16, 2018, you have until Tuesday, April 17, 2018, to make a contribution and claim a credit for that amount on your 2017 tax return.

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

Line 9 -

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

Line 10 -

Add lines 6 through 9, column (c).

Line 11 -

Add lines 5 and 10. Enter the total.

Line 12 -

Single taxpayers and taxpayers filing as head of household enter \$500. Married taxpayers enter \$1,000.

Line 13 - 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 \$500. In this case, enter ½ of the smaller of line 11 or line 12.

Part 2 - Available Credit Carryover

Lines 14 through 19 -

Use Part 2, line 14 to figure your total available credit carryover from taxable year 2016 if you claimed this credit on your 2016 return and the credit was more than your tax.

- In column (b), enter the credit originally computed for 2016 in column (a).
- In column (c), enter the amount of the credit which you have already used.
- In column (d), subtract the amount in column (c) from column (b) and enter the difference in column (d).

Enter the carryover amount on line 19, column (d).

NOTE: *If you have a carryover amount available from taxable years ending on or before December 31, 2015, for cash contributions made to QFCOs for which you claimed a credit on Form 321, you **must** claim any available carryover amount from those contributions on Form 321.*

Part 3 - Total Available Credit

Lines 20 through 22 -

Use lines 20 through 22 to figure your total available credit for 2017.

Line 20 -

Enter the amount from Part 1, line 13. Also, enter this amount on Form 301, Part 1, line 31, column (a).

Line 21 -

Enter the amount from Part 2, line 19, column (d). Also enter this amount on Form 301, Part 1, line 31, 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 31, column (c).