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# BE A TAX CREDIT CHAMPION



HELP **VETERANS,**  
**CHILDREN,**  
DOMESTIC ABUSE SURVIVORS **AND**  
**OTHERS** — AT NO COST TO YOU



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## 2017—Did You Know?

**As of 2016, Catholic Charities Community Services qualified as a Foster Care Charitable Giving organization.**

- 1 You can give up to \$500 (single) or \$1,000 (as a couple) to be eligible to take a Foster Care Charitable Giving tax credit.
- 2 This tax credit deadline was extended from December 31, 2017 to April 15, 2018.
- 3 A non-profit organization can only be a charitable giving or a Foster Care Charitable Giving organization. Catholic Charities cannot offer both tax credits.

# What is a Tax Credit?



The State of Arizona (Title 43-1088) allows you the right to redirect your taxes to **qualified charitable organizations** through a tax credit. When you make a contribution to a qualified Foster Care Charitable Giving organization, like Catholic Charities, your gifts can be used to support any of our programs like foster care, housing, veterans and family support. So instead of paying the Arizona government, you can direct your taxes to help your favorite Catholic Charities cause. Arizona taxpayers may be eligible to take up to four tax credits.

- Foster Care Charitable Giving
- Public School Tax Credit
- Charitable Giving
- Private School Tuition Tax Credit

**So here is a quick breakdown that every Tax Credit Champion needs to know.**



## 1 Tax Credit

**The Credit:** When you give to qualified Arizona charities—the Arizona government is allowing your donation to be counted as a tax credit. It's basically the government's way of letting you redirect your tax dollars to the causes you believe in. So your tax credit is just that...a dollar-for-dollar credit that you can apply to your Arizona taxes—and reduce what you owe or increase your tax refund. For an example, see page 6.

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# What is a Tax Credit? (continued)



## Different Than a Tax Deduction

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**Different than a Deduction:** A tax credit is different than a deduction. A tax deduction lowers your taxable income, which then lowers your tax bracket and tax liability. **A tax credit is a credit that replaces dollar for dollar the taxes you owe to the state of Arizona.** An example of this would be a person in the 20 percent tax bracket who gives \$100 gift to a charity and gets \$20 in tax savings. But a tax credit is a dollar-for-dollar reduction in your taxes owed. So a person with \$100 tax liability, who gives \$100 tax credit gift, now owes zero in taxes.

**Getting Your Tax Credit:** After you check that the charity you give to is a qualified Foster Care Charitable organization on [azdor.gov](http://azdor.gov), just save your gift receipts. File your taxes using the AZ 140 Tax Form (you don't need to itemize to get your tax credits) and then fill out the AZ Form 301 and 352 for Foster Care Charitable organization and include it when you file your year-end State taxes.\*

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## Getting Your Tax Credit

*\*Please note: This is not professional tax or legal advice. Consult a tax advisor about your individual situation. For more information on the tax credit, visit the Arizona Department of Revenue website at [www.azdor.gov](http://www.azdor.gov).*

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# How to get Your Tax Credit



**1 Determine your Arizona taxes** If you remember what you had to pay in taxes last year (and haven't made any changes for 2017), then you can expect the amount to be close to what it was last year. You can find your forms from last year and look at the corresponding lines with the corresponding forms (AZ 140, AZ 140A, AZ 140EZ, AZ 140PY)—you're looking for the "subtotal of tax" or "amount of tax". If you expect your tax situation to be different, then try to estimate whether you will owe more in taxes or less this year, and make your tax credit decision accordingly.

**2 Take Your Tax Credit** You have a variety of tax credits you can choose from varying from Arizona charities to schools. Gifts to Catholic Charities qualify for:

<b>Foster Care Charitable Giving Tax Credit</b>	<b>\$500 (single)</b>	<b>\$1,000 (couple)</b>	<b>April 15</b>
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*\*The Foster Care Charitable Giving tax credit is an entirely separate tax credit than the Charitable Giving tax credit, Public School tax credit and Private School tax credit, so all can be stacked and won't count against each other.*

**3 Donation Deadlines** The deadline to give a gift to a qualifying Foster Care Charitable Giving organization and take advantage of a 2017 tax credit has been extended to April 15, 2018. You no longer have a deadline of December 31, 2017.



# How Tax Credits Work

Your tax credits can pay off what you owe in Arizona taxes. If you overpaid and expect a refund, tax credits may get you a bigger tax return. Here are some examples of how it works.

## Your Arizona Taxes with Tax Credit

<i>Your Arizona tax liability</i>	<b>\$610</b>	Normally, you pay all of this to Arizona.
<i>Foster Care Charitable Giving tax credit</i>	<b>-\$500</b>	But you gave to a qualified Foster Care Charitable Giving Organization, like Catholic Charities.
<hr/>		
<i>What You Now Pay</i>	<b>\$110</b>	And now you only have to pay the State of Arizona this!

## Your Arizona Tax Refund with Tax Credit

<i>Your Arizona tax liability</i>	<b>\$1,200</b>	Your tax liability to the State of Arizona
<i>Your Arizona tax withholding</i>	<b>\$1,500</b>	Look! You overpaid by \$300!
<hr/>		
<i>Your Arizona Tax Refund</i>	<b>\$300</b>	You'll get this refund and...
<i>THEN...</i>		
<i>You apply your tax credit</i>	<b>+\$500</b>	But you gave to a qualified Foster Care Charitable Giving Organization, like Catholic Charities.
<hr/>		
<i>Your NEW Arizona Tax Refund</i>	<b>\$800</b>	You get a bigger refund! Because you owed \$1,200 for your tax liability, you can use your credit toward that tax liability amount, and get it refunded to you.

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# How to Identify a Qualified Tax Credit Charity



Not all charities qualify for the Arizona Tax Credit—but you can find a list of qualified charities at [azdor.gov/taxcredits/](http://azdor.gov/taxcredits/). You'll find Catholic Charities on the Foster Care Charitable Giving list.

## What to Watch Out for When Giving

Follow these quick tips always before giving to a charity to make sure it's a valid non-profit.



**Don't Get Scammed:** If you are unsure, get the address, phone number, web address and call the charity to verify it is an actual charity. Report scammers at [www.ftccomplaintassistant.gov](http://www.ftccomplaintassistant.gov).



**Background Check:** Visit [apps.irs.gov/app/eos/](http://apps.irs.gov/app/eos/) to find charities that qualify for federal tax contributions. Also, visit [azdor.gov/taxcredits/](http://azdor.gov/taxcredits/) to find charities that qualify for the Arizona tax credit.



**Pay By Check or Credit Card:** Cash can be difficult to trace, so always pay by credit/debit card or check when making a charitable gift. However, never provide your credit card number or any personal information until you've verified it's an actual charity. Never wire money to a charity— a reputable charity will not ask you to do this, but it's a common practice of scammers.



**Make a Plan:** Create an annual giving plan so you can do your research ahead of time before giving to a charity. Estimate your year-end tax liability or talk with your tax advisor, so you can plan your gifts accordingly.



# Your Questions Answered



Here are some commonly asked questions answered for you. If you need more information, please visit [azdor.gov/taxcredits/](http://azdor.gov/taxcredits/).

**1. What's the difference between a tax credit and a tax deduction?**

A tax credit eliminates the taxes you owe to the State of Arizona, dollar for dollar. A tax deduction reduces your taxable income by putting you into a lower tax bracket, which lowers the amount of income you can be taxed on.

**2. Who can take these tax credits?**

Any full-time or part-time Arizona resident who has an Arizona tax liability.

**3. Why would the government allow me to pay less in taxes?**

For the government and you, this is a win-win. When you donate to non-profits like Catholic Charities, you're helping programs that benefit the whole community, like foster care, early education, the homeless, the working poor, and veterans.

**4. Am I eligible for a tax credit if I know I'm getting a refund?**

Your refund means you overpaid in taxes, so the State is giving you some of your money back. The real question is how much of your money does the State still keep? Whatever that amount is, that's what you could be claiming in tax credits and redirecting to a non-profit that makes an impact.

**5. Do I have to contribute the maximum amounts to get my tax credit?**

You can contribute any amount up to the maximum amount and use that as your tax credit.

**6. Can I take more than one tax credit?**

Yes. Donating to Catholic Charities does not limit your ability to give under other Arizona tax credits, such as the private and public school tax credits or to other non-foster care charities, referred to as charitable giving organizations. You can give and benefit under all Arizona tax credits! Check with your tax professional.

**7. What if I have more credits than I have taxes to pay?**

If you gave more in tax credits than you owe in Arizona taxes, then you can carry forward the unused portion for up to five years to pay future Arizona taxes.



# Your Questions Answered (continued)



## 8. What do I need to take my tax credit on my taxes?

Be sure to keep your year-end gift receipt from the charities that you gave to that qualify for the tax credit for your own personal tax records. Then complete the AZ Forms 301 and 321 and submit with your tax return. Donations to Catholic Charities would be entered under Section B of AZ For 321.

## 9. Where do I get the tax forms needed for the tax credits?

You'll need to use the AZ 140 and then your specific tax credit form that you can get at [azdor.gov/TaxCredits/](http://azdor.gov/TaxCredits/). For Foster Care Charitable Giving, use AZ Form 321 and AZ Form 301.

## 10. If I take the tax credit, can I also get a federal tax benefit, too?

Yes! If the organization you are giving is a federal 501C3 charity, then you can use your donation as both an Arizona state tax credit and federal tax deduction.

## 11. Who benefits from my tax credit gifts?

When you give to Catholic Charities, the vulnerable in your community benefit from your gift. This means you'll help children in foster care, veterans and others experiencing homelessness, domestically abused survivors and their children, sex-trafficked women and others.

## 12. Is this the Working Poor tax credit?

No. The Arizona Department of Revenue no longer uses the phrase, Working Poor tax credit. However, the Foster Care Charitable Giving tax credit falls under ARS 43-1088, which was formerly called the Working Poor tax credit.

## 13. Is Catholic Charities a qualifying charitable organization?

Yes. Catholic Charities is a qualifying charitable organization under ARS 43-1088. Specifically, Catholic Charities is certified by the Department of Revenue as a qualifying Foster Care Charitable Giving organization.

## 14. What are the limits for the Arizona Foster Care Charitable Giving tax credit under ARS 43-1088?

Because Catholic Charities is a qualifying Foster Care Charitable Giving organization, married taxpayers can donate up to \$1,000 and single taxpayers up to \$500 to any of Catholic Charities' programs. These new limits were established in 2016.

# Take Your Tax Credit



Catholic Charities invites you to benefit from the State of Arizona Foster Care Charitable Giving Tax Credit opportunity – while helping to improve lives at no additional cost to you.

You may be eligible to direct your Arizona Tax dollars to benefit those served by Catholic Charities. You can receive a dollar-for-dollar state tax credit for your donation to CCCS, up to \$500 individually or \$1,000 if filed jointly.\*

**In Arizona, you do not need to itemize to take advantage of this credit. It's as easy as 1-2-3.**

- 1 Go to [www.catholiccharitiesaz.org/Donate-now](http://www.catholiccharitiesaz.org/Donate-now) or**
- 2 Complete the information below and mail to:  
Catholic Charities, 4747 N. 7th Avenue, Phoenix, AZ 85013 or**
- 3 Call 602-650-4887 with payment information.**

## I want my tax credit!

Date: \_\_\_\_\_  
Name:\* \_\_\_\_\_  
Address:\* \_\_\_\_\_  
City:\* \_\_\_\_\_ State:\* \_\_\_\_\_ Zip:\* \_\_\_\_\_  
Phone:\* \_\_\_\_\_  
Email:\* \_\_\_\_\_  
Amount of gift: \$ \_\_\_\_\_  
☐ Check (Make payable to Catholic Charities Community Services)  
☐ Visa ☐ Mastercard ☐ Discover ☐ American Express  
Card #: \_\_\_\_\_ Exp. Date: \_\_\_\_\_ CSV: \_\_\_\_\_  
Signature (required): \_\_\_\_\_

\*Required information. Please print legibly.

\*Please note: This is not professional tax or legal advice. Consult a tax advisor about your individual situation. For more information on the tax credit, visit the Arizona Department of Revenue website at [www.azdor.gov](http://www.azdor.gov)

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