

## **The Charitable Tax Credit Frequently Asked Questions**

**What is the Charitable or Working Poor Tax Credit?** The Charitable Tax Credit is a dollar-for-dollar charitable contribution you can give to qualifying 501(c)(3) corporations (nonprofits). With Arizona's Working Poor Tax Credit you can receive a dollar-for-dollar tax credit, up to \$200 filing single or \$400 if filing a joint return, on your state income taxes while helping youth and adults — at no additional cost to you. You can either pay the State in taxes or you can help **Gabriel's Angels** by making a donation.

**How do I qualify for Charitable Tax Credits?** You must itemize and deduct your charitable contributions to a qualifying charitable organization, like **Gabriel's Angels**.

**What about the baseline year?** As of September 2009, the baseline year provision was removed so a donation to a qualifying charitable organization, like **Gabriel's Angels**, is all that is required.

**How do I benefit from making a contribution?** Any contributions to **Gabriel's Angels** qualify for a dollar-for-dollar state income tax credit up to \$200 (or \$400 per couple) each year.

**What is the difference between a tax credit and a tax deduction?** A tax credit is significantly more beneficial than a tax deduction. A tax credit reduces your taxes, dollar-for-dollar. A tax deduction reduces the taxable income upon which your tax liability is calculated.

**How do I know the **Gabriel's Angels** qualifies for the credit under this program?** You can view the listing of qualifying charitable organizations on the Department of Revenue website at any time: <http://www.azdor.gov/TaxCredits/CharitableTaxCredit.aspx>. You can also ask **Gabriel's Angels** to see a copy of the qualifying charitable organization certificate issued by the department. Or you may also contact the department to see if the charitable organization is a qualifying charitable organization.

**Can I take the Working Poor Tax Credit if I take the School Tax Credit?** Yes, they are separate credits and you are allowed to take advantage of both.

**How do I claim the credit?** You report **Gabriel's Angels** as the name of the qualifying charitable organization you donated to as well as the dollar amount of your donation to the Department of Revenue on Form 321. Complete Form 321 and include it when you file your tax return.

**Does the tax credit also apply to my federal income tax returns?** No. The Charitable Tax Credit applies only on your Arizona State income tax. However, you may be able to claim a federal tax deduction for the amount donated.

*Please consult your tax advisor for additional information about Arizona's Tax Credits and how you may qualify.*