

What donations qualify for the Arizona Charitable Tax Credit?

Cash donations made to a qualified charitable organization are eligible. The maximum tax credit allowed for individuals is \$400 and for married couples (filing jointly) is \$800.

Do I have to donate the entire amount?

Not at all. Those are the maximum tax credit amounts, donations under that still qualify for the tax credit and are greatly appreciated.

Can I donate to more than one charity?

Absolutely. Just remember the limits are based on your total donations and are not per charity. If you donate \$100 to three different charities your total is still under the maximum, so they all qualify.

Is this a tax deduction?

No. A tax deduction lowers the amount of your taxable income. This is a tax credit, so it lowers your tax liability.



Back to School Clothing Drive

What does “lowers your tax liability” mean?

The amount you owe is your tax liability. So if you file taxes in Arizona and owe \$900 but you have a tax credit of \$400, your tax liability is now only \$500. The Arizona Charitable Tax Credit lowers your liability – dollar for dollar – based on your donation amount. The total you pay out (\$900 in this example) doesn’t change, but you get to donate to a charity of your choice instead of paying it all to state taxes.)

What if I already paid my tax liability through payroll deductions or quarterly estimated taxes?

A tax credit is applied before payments, so if you owed \$900 but made a \$400 Arizona Charitable Tax Credit donation, you now only owe \$500. Since you paid \$900, you could get a refund of \$400. This example assumes only one tax credit is being claimed. A donation doesn’t guarantee a refund.

What if I don’t owe as much as I donate?

The Arizona Charitable Tax Credit is non-refundable. If you only owe \$200 in taxes but made a \$400 donation, your tax liability is lowered to \$0, but you would not receive a refund of \$200. However, you can carry the unused tax credit amount (\$200 in this example) forward for up to five years to claim later.

How do I donate?

You can make a donation to Back to School Clothing Drive online at www.btscd.com/taxcredit or you can mail a check to BTSCD at 360 E. Coronado Rd. #200, Phoenix, Arizona 85004.

How do I claim the credit?

It’s simple! Make a donation to us, save your receipt, and file AZ Form 321 with your taxes. Back to School Clothing Drive’s qualified charitable organization code is 20462.

Anything else I should know?

Yes, two things, actually: First, if you make a donation by April 15, 2022, you can choose whether you want to claim it on your 2021 or 2022 state taxes.

Second, this is general information about how Arizona’s Charitable Tax Credit works. If you have specific questions about your taxable income, your tax liability, how this affects your federal income taxes, or your personal tax situation, please consult a tax professional.