



ONE BIG TAX LAW ADVANTAGE FOR ARIZONA GIVES DAY

Make sure your donors are aware of an important new extension to claim a tax credit

Thanks to a new law, Arizona taxpayers looking to reduce their tax liability are catching a break.

Beginning with the 2016 tax year, donations to Qualifying Charitable Organizations and Qualifying Foster Care Charitable Organizations are claimed as separate credits with separate limitations for each. Also beginning in 2016, credit eligible contributions made to either type of organization that are made on or before the April filing deadline may be applied to either the current or the preceding taxable year. The amounts eligible to be claimed for both credits were also increased — which are now \$400/\$800 for the Charitable Tax Credit and \$500/\$1,000 for the Foster Care Credit. For nonprofits, the extension means a potential boost in giving from people seeking breaks once they realize their tax burden, while also benefitting their favorite causes.

“The urgency to find credits is there when people are preparing their returns,” says Kristen Merrifield, Chief Executive Officer of the Alliance of Arizona Nonprofits. “And now taxpayers have a new way to reduce their liability during that time.”

How to Qualify

To be considered a Qualifying Charitable Organization, a nonprofit must apply with the state’s Department of Revenue and meet certain requirements, one of which is providing services that meet immediate basic needs. Other requirements include:

- Being exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code or being a designated community action agency.
- Serving Arizona residents who receive temporary assistance for needy families benefits, are low income residents with household income under 150 percent of the federal poverty level, or are chronically ill or physically disabled children.

Arizona Gives Day 2017 takes place April 4, just in time for taxpayers to take advantage of the extended giving deadline. Sign your organization up for the big day at www.azgives.org.

The department aims to turn around applications for qualifying status in two weeks. For a complete list of requirements, visit the Department of Revenue’s website.

Getting the Word Out

Many charitable organizations may not be aware of the new tax law because media attention has focused on the increased dollar amounts for the credits, rather than the change to the time to file, Merrifield says. “I’ve spoken with people at several nonprofits who had no idea about the extension,” she says.

It is important to get the word out to donors and potential donors through websites and donor communications, Merrifield emphasizes. “If many nonprofits are not aware of the change,” she says, “I can guarantee that many tax payers are also not aware. So nonprofits must take this opportunity to educate their donors.”

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