

Now It's Even Easier Than Ever To Receive A Tax Credit

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

A. Tax credits provide a dollar-for-dollar reduction of your income tax liability. Tax deductions lower your taxable income and are equal to a percentage of your marginal tax bracket. You cannot claim both a deduction and a credit for the same charitable contribution on your Arizona return.

Q. Do I have to itemize deductions on my tax return to take advantage of this tax benefit?

A. Taxpayers do not have to itemize deductions to claim a credit for contributions to Qualifying Charitable Organizations (QCOs).

Q. How does my gift to United Way qualify for the state tax credit?

A. Arizona law makes available a Credit for Contributions to QCOs for cash contributions to a QCO or an Umbrella Charitable Organization (UCO). A UCO is a charitable organization that collects donations on behalf of QCOs. Valley of the Sun United Way collects these contributions through its Arizona Charitable Tax Credit Fund, and 100% of contributions to that fund are distributed to QCOs. To take advantage of this benefit with your donation to Valley of the Sun United Way, you must direct a portion of your gift – \$470 for individuals and \$938 for couples filing jointly in 2024 – to Valley of the Sun United Way's Arizona Charitable Tax Credit Fund.

Q. How are contributions to Valley of the Sun United Way's Arizona Charitable Tax Credit Fund invested in our community?

A. Trained volunteers, knowledgeable about the needs in our community, carefully invest your contribution with programs that provide a comprehensive set of services to community members in need. Funded programs help families achieve a higher level of self-sufficiency by providing job-skills training, education, affordable childcare, transportation, food, clothing, and shelter.

Q. What happens if I don't owe taxes at the end of the year?

A. The Arizona state tax credit for contributions to QCOs may reduce your overall state tax liability and is not impacted by your tax withholdings during the course of the year. If you withheld more than what you owed, the credit may result in an increase in your state tax refund.

Q. How do I document my contribution?

A. Valley of the Sun United Way will send you a letter confirming your contribution to its Arizona Charitable Tax Credit Fund, which is eligible for the state tax Credit for Contributions to QCOs. This letter documents your contribution and is necessary to support your tax credit. Payroll deductions also require a pay stub receipt. Please make sure you include your name and home address on your United Way Pledge Form. The QCO Code for donations designated to Valley of the Sun United Way's Arizona Charitable Tax Credit Fund is 20726.

Q. How do I file for the credit?

A. Currently there is a simple form (AZ Form 321) that is included with your state tax filing that you or your accountant will complete; please refer to a qualified tax advisor for more details and specific instructions. The form is included with materials provided by the State of Arizona to all state tax filers and is available through most online tax preparation platforms.

Valley of the Sun United Way is a 501(c)(3) nonprofit organization, EIN #86-0104419. Arizona law makes available a Credit for Contributions to Qualifying Charitable Organizations (QCOs) for cash contributions to a QCO, which includes umbrella organizations. An umbrella organization is a 501(c)(3) charitable organization that acts as a conduit for donations on behalf of QCOs. Valley of the Sun United Way collects contributions eligible for the credit through its Arizona Charitable Tax Credit fund, and 100% of contributions to that fund are distributed to QCOs. To take advantage of this benefit with your donation to Valley of the Sun United Way, you must direct a portion or the entirety of your gift – up to \$470 for individuals or up to \$938 for couples filing jointly in 2024 – to Valley of the Sun United Way's Arizona Charitable Tax Credit fund by selecting that designation when completing your contribution. Valley of the Sun United Way is not a tax advisor, and accordingly, please contact a qualified tax professional for advice on your specific tax situation.

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