

## WORKING POOR STATE TAX CREDIT



You can help give hope to families and individuals by investing a portion of your United Way contribution in the Helping the Working Poor Priority area; and you could receive up to a \$200 (for single taxpayer) or \$400 (for married, filing jointly) Arizona state tax credit!

In order to take advantage of the Helping the Working Poor state tax credit you must:

- Itemize your charitable contributions on your state tax return
- Establish a baseline year of charitable giving
- Increase your charitable giving over your baseline year
- Direct up to \$200 (for single taxpayer) or \$400 (for married, filing jointly) to United Way's helping the Working Poor priority area
- Provide your name, home address and phone number on your pledge form in order to receive an acknowledgement for your tax records

## WORKING POOR STATE TAX CREDIT FAQ'S

### Q. WHAT ARE BENEFITS OF GIVING TO HELPING THE WORKING POOR?

**A.** United Way's helping the Working Poor priority area invests in programs that assist working poor families move from welfare to work and improve their overall standard of living. If you itemize your taxes and give to the Working Poor priority area, you may be eligible for a state tax credit. In order to take advantage of this state tax credit, you will need to establish your base contribution (the amount you gave to charity in 1996 or later) and then you must increase your 2009 contribution over your base contribution. This can be accomplished by directing all or a portion of your increased gift to helping the Working Poor priority area.

### Q. WHAT IS THE DIFFERENCE BETWEEN A TAX CREDIT AND A TAX DEDUCTION?

**A.** A tax deduction is an item that helps determine what your final taxable income will be. A tax credit is applied as a reduction to your final tax liability. In this case, a tax credit comes right off the top of your state tax bill, lowering the amount of money that you will pay.

### Q. WHEN IS MY BASELINE YEAR?

**A.** 1996 is your baseline year if you itemized charitable contributions on your federal tax return that year. If you did not itemize in 1996, then the first year after 1996 that you itemized your deductions becomes your baseline year. Your baseline year does not change unless you change your filing status.

### Q. HOW DO I FILE FOR THE CREDIT?

**A.** There is a simple form (AZ Form 321) that is included with your state tax filing that you or your accountant will complete. The form is included with materials provided by the State of Arizona to all state tax filers.

**Q. IF I DID NOT GIVE TO A CHARITABLE ORGANIZATION LAST YEAR CAN I STILL GET A TAX CREDIT?**

**A.** Your baseline year begins with the first year you itemize your charitable contributions. Once you establish a baseline year, you become eligible for this tax credit the following year. So, if this is your baseline year, you will be eligible for the tax credit in 2009 based on your contribution to the 2008 United Way Campaign.

**Q. WHO IS A “QUALIFYING CHARITABLE ORGANIZATION”?**

**A.** The United Way established and certified with the State of Arizona a “Helping the Working Poor Fund” as a qualifying charitable organization. It along with other organizations that provide assistance to the working poor will allow your charitable contribution to qualify for the tax credit.

**Q. WHERE WILL THESE FUNDS GO?**

**A.** Contributions to the working poor fund will go to not-for-profit 501(c)3 organizations who provide services for needy families such as medical care, child care, food, clothing, shelter or other assistance that helps individuals meet basic needs. The legislation specifies that eligible organizations spend at least 50% of their budget on basic needs to residents of Arizona. Agencies must be certified by the State of Arizona.

**Q. WHAT HAPPENS IF I DON'T OWE TAXES AT THE END OF THE YEAR?**

**A.** The credit reduces your overall state tax income. If the allowable tax credit is more than your tax or if you have no tax, you may carry the unused credit forward for up to the next five (5) years. If you withheld more than what you owed, the credit will result in an increase in your state tax refund.

**Q. HOW DO I DOCUMENT MY CONTRIBUTION?**

**A.** United Way will send you an acknowledgement letter confirming your contribution to the “Helping the Working Poor Fund.” This letter along with your copy of the signed pledge form, or cancelled check provides the paperwork needed to document your contribution. These documents are necessary to support your tax credit, so make sure you include your name, home address and sign on your United Way pledge form.

**Q. SHOULD I DESIGNATE ALL OF MY UNITED WAY CONTRIBUTION TO THIS FUND CALLED “HELPING THE WORKING POOR”?**

**A.** You have a right to choose where your contribution goes. United Way recommends that you consider giving the increased amount of your gift to the Working Poor fund, while maintaining your previous commitment to United Way’s Community Impact Fund or another Priority Area. In this way, the pool of dollars to other worthwhile programs will remain stable, while also increasing the funds available for helping the working poor.

**IMPORTANT NOTE TO DONORS: United Way is not a tax advisor. As with any financial recommendation, contact a qualified tax advisor for expert advice on your specific tax situation.**

## QUALIFIED PARTNERS FOR WORKING POOR FUNDS 2009

### \*Flagstaff Chapter

Big Brothers Big Sisters of Flagstaff  
BOTHANDS  
Catholic Charities Community services  
DNA – People’s Legal Services  
Flagstaff Family Food Center  
Literacy Volunteers of Coconino County  
Native Americans for Community Action  
North Country HealthCare  
Northern Arizona University Senior Corps Program  
Northland Family Help Center  
St. Mary’s Food Bank Alliance – Flagstaff  
Sunnyside Neighborhood Association  
The Guidance Center  
Teen Wellness Clinic

### \*Page Chapter

Community Behavioral Health Services  
CUDDLE Outreach Ministry  
Page Regional Domestic Violence

### \*\*Northeast Chapter

Northern Arizona University Senior Corps Program  
Salvation Army- White Mountain Outpost  
White Mountain Safe House  
White Mountain Meals on Wheels  
Winslow Council on Aging

\* Serving Coconino County

\*\* Serving Southern Apache & Southern Navajo Counties