

## Charitable Contributions – 2021 Tax Year

This document describes the steps required to arrive at a correct Federal 1040 and AZ 140, for the 2021 tax year, when a mix of charitable contributions exists.

### Background

The following principles apply to a taxpayer who has made charitable contributions and is taking the standard deduction:

1. We are allowed to take up to a \$300 additional federal tax deduction (up to \$600 if married, filing jointly) for the client's cash contributions. This is above and beyond the standard deduction.
2. We are also allowed to take an additional state tax deduction for 25% of a client's cash and non-cash contributions, also on top of the standard deduction.
3. Cash contributions to an AZ qualified charitable organization (QCO) must be excluded from both items 1 & 2.

Note: As indicated, the federal benefit is now a deduction rather than an adjustment to AGI.

### Example

Consider an example based on these facts:



1. \$140 in cash donations made to the client's church.
2. \$100 in non-cash contributions to a 501© organization.
3. An \$80 contribution to an AZ QCO

A. In TaxSlayer, items 1 and 2 above should be entered as federal deductions:

## Charitable Contributions – 2021 Tax Year

### Gifts to Charity - Cash Contributions

[+ Add a Cash Contribution](#)

Charity Name	Amount Donated	Donation Date	
ABC	\$140	12/15/2021	 

CONTINUE

### Schedule A Gifts to Charity Information

Charitable Miles. [? Learn more](#)

Non-Cash Less Than or Equal to \$500. [? Learn more](#)

\$ 100

Carryover from Prior Year

\$

CANCEL

CONTINUE

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- B. The \$80 contribution to the AZ QCO (item 3, above) must be entered in two separate areas of the state section of TaxSlayer, as illustrated below:

## Charitable Contributions – 2021 Tax Year

*Credits*

### Arizona Return

#### AZ Form 321 Charitable Organization Contribution

BACK

 Add Contribution

Organization Name  
QCO

Contribution Amount    \$80



BACK

## Charitable Contributions – 2021 Tax Year

### *Standard Deduction*

## Arizona Return

### Standard Deduction

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CONTINUE

If are claiming the standard deduciton on your AZ return, then you may be able to claim an additional standard deduction for Charitable Contributions claimed.

The total Charitable Contributions claimed on the Federal Schedule A will be pulled forward automatically.

Additional Eligible Cash Charitable Contributions NOT claimed on the Federal Schedule A

\$ 80

If you claimed any Charitable Contributions as a credit under AZ law, then those current year contributions have been pulled forward.

Additional Charitable Contibutions claimed as a credit from a prior tax year

\$

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CONTINUE

The result of the above entries is provided below:

# Charitable Contributions – 2021 Tax Year

Form **1040** Department of the Treasury—Internal Revenue Service (99) **2021** U.S. Individual Income Tax Return OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

**Filing Status** ☐ Single ☒ Married filing jointly ☐ Married filing separately (MFS) ☐ Head of household (HOH) ☐ Qualifying widow(er) (QW)  
Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶

Your first name and middle initial <b>JOHN</b>	Last name <b>DOE</b>	Your social security number <b>XXX-XX-4567</b>	
If joint return, spouse's first name and middle initial <b>JANE</b>	Last name <b>DOE</b>	Spouse's social security number <b>XXX-XX-7890</b>	
Home address (number and street). If you have a P.O. box, see instructions. <b>1 MAIN ST</b>		<b>Presidential Election Campaign</b> Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse	
City, town, or post office. If you have a foreign address, also complete spaces below. <b>MARANA</b>	State <b>AZ</b>		ZIP code <b>85658</b>
Foreign country name	Foreign province/state/county		Foreign postal code

At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency? ☐ Yes ☒ No

**Standard Deduction** **Someone can claim:** ☐ You as a dependent ☐ Your spouse as a dependent  
☐ Spouse itemizes on a separate return or you were a dual-status alien

**Age/Blindness** **You:** ☐ Were born before January 2, 1957 ☐ Are blind **Spouse:** ☐ Was born before January 2, 1957 ☐ Is blind

(1) First name Last name		(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> if qualifies for Child tax credit	(5) Credit for other dependents
<b>JAMES DOE</b>		<b>XXX-XX-8901</b>	<b>SON</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

Attach Sch. B if required.	<b>1</b> Wages, salaries, tips, etc. Attach Form(s) W-2 . . . . .	<b>1</b> <b>4000</b>
	<b>2a</b> Tax-exempt interest . . . . . <b>2a</b>	<b>2b</b> Taxable interest . . . . . <b>2b</b>
	<b>3a</b> Qualified dividends . . . . . <b>3a</b>	<b>3b</b> Ordinary dividends . . . . . <b>3b</b>
	<b>4a</b> IRA distributions . . . . . <b>4a</b>	<b>4b</b> Taxable amount . . . . . <b>4b</b>
	<b>5a</b> Pensions and annuities . . . . . <b>5a</b>	<b>5b</b> Taxable amount . . . . . <b>5b</b>
	<b>6a</b> Social security benefits . . . . . <b>6a</b>	<b>6b</b> Taxable amount . . . . . <b>6b</b>
	<b>7</b> Capital gain or (loss). Attach Schedule D if required. If not required, check here . . . . . <input type="checkbox"/>	<b>7</b>
	<b>8</b> Other income from Schedule 1, line 10 . . . . .	<b>8</b>
	<b>9</b> Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your <b>total income</b> . . . . . ▶	<b>9</b> <b>4000</b>
	<b>10</b> Adjustments to income from Schedule 1, line 26 . . . . .	<b>10</b>
	<b>11</b> Subtract line 10 from line 9. This is your <b>adjusted gross income</b> . . . . . ▶	<b>11</b> <b>4000</b>
<b>Standard Deduction for—</b> • Single or Married filing separately, \$12,550 • Married filing jointly or Qualifying widow(er), \$25,100 • Head of household, \$18,800 • If you checked any box under Standard Deduction, see instructions.	<b>12a</b> <b>Standard deduction or itemized deductions</b> (from Schedule A) . . . . . <b>12a</b> <b>25100</b>	<b>12c</b> <b>25240</b>
	<b>b</b> Charitable contributions if you take the standard deduction (see instructions) <b>12b</b> <b>140</b>	
	<b>c</b> Add lines 12a and 12b . . . . .	
	<b>13</b> Qualified business income deduction from Form 8995 or Form 8995-A . . . . . <b>13</b>	
	<b>14</b> Add lines 12c and 13 . . . . . <b>14</b> <b>25240</b>	
	<b>15</b> <b>Taxable income.</b> Subtract line 14 from line 11. If zero or less, enter -0- . . . . . <b>15</b> <b>0</b>	

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.

Form **1040** (2021)

# Charitable Contributions – 2021 Tax Year

Your Name (as shown on page 1)		Your Social Security Number	
JOHN DOE		XXX-XX-4567	

Exemptions	35	Subtract lines 24 through 34c from line 19.....	35	4000	00
	36	Other Subtractions from Income. Complete <i>Other Subtraction from Arizona Gross Income</i> schedule on page 6.....	36		00
	37	Subtract line 36 from line 35. Enter the difference .....	37	4000	00
	38	Age 65 or over: Multiply the number in box 8 by \$2,100.....	38		00
	39	Blind: Multiply the number in box 9 by \$1,500 .....	39		00
Balance of Tax	40	Other Exemptions. See instructions.....40E <input type="checkbox"/> 0 Multiply the number in box 40E by \$2,300.....	40		00
	41	Qualifying parents and grandparents: Multiply the number in box 11a by \$10,000.....	41		00
	42	<b>Arizona adjusted gross income:</b> Subtract lines 38 through 41 from line 37. If less than zero, enter "0".....	42	4000	00
	43	<b>Deductions:</b> Check box and enter amount. See instructions ..... 43I <input type="checkbox"/> ITEMIZED... 43S <input checked="" type="checkbox"/> STANDARD	43	25100	00
	44	If you checked box 43S and claim charitable contributions, check 44C <input checked="" type="checkbox"/> Complete page 3. See instructions.....	44	60	00
Total Payments and Refundable Credits	45	Arizona taxable income: Subtract lines 43 and 44 from line 42. If less than zero, enter "0".....	45		00
	46a	Compute the tax using amount on line 45 and Tax Tables X and Y or Optional Tax Tables.....	46a		00
	46b	If line 45 is \$250,001 or more (single/mfs) or \$500,001 or more (mfj/hoh) compute the tax surcharge. Enter the amount.....	46b		00
	47	Tax from recapture of credits from Arizona Form 301, Part 2, line 30 .....	47		00
	48	Subtotal of tax: Add lines 46a, 46b and 47. Enter the total.....	48		00
Tax Due or Overpayment	49	Dependent Tax Credit. See instructions .....	49	100	00
	50	Family income tax credit (from the worksheet - see instructions) .....	50	120	00
	51	Nonrefundable Credits from Arizona Form 301, Part 2, line 61 .....	51		00
	52	<b>Balance of tax:</b> Subtract lines 49, 50 and 51 from line 48. If the sum of lines 49, 50 and 51 is greater than line 48, enter "0".....	52		00
	53	2021 AZ income tax withheld.....	53		00
Voluntary Gifts	54	2021 AZ estimated tax payments.. 54a <input type="checkbox"/> 00 Claim of Right 54b <input type="checkbox"/> 00 Add 54a and 54b.....	54c		00
	55	2021 AZ extension payment (Form 204).....	55		00
	56	Increased Excise Tax Credit (from the worksheet - see instructions) .....	56	75	00
	57	Property Tax Credit from Arizona Form 140PTC.....	57		00
	58	Other refundable credits: Check the box(es) and enter the total amount..... 581 <input type="checkbox"/> 308-I 582 <input type="checkbox"/> 349	58		00
Penalty	59	<b>Total payments and refundable credits:</b> Add lines 53 through 58. Enter the total.....	59	75	00
	60	<b>TAX DUE:</b> If line 52 is larger than line 59, subtract line 59 from line 52. Enter amount of tax due. Skip lines 61, 62 and 63.....	60		00
	61	<b>OVERPAYMENT:</b> If line 59 is larger than line 52, subtract line 52 from line 59. Enter amount of overpayment.....	61	75	00
	62	Amount of line 61 to be applied to 2022 estimated tax.....	62		00
	63	<b>Balance of overpayment:</b> Subtract line 62 from line 61. Enter the difference .....	63	75	00
Refund or Amount Owed	64 - 74 Voluntary Gifts to:				
	64	Solutions Teams Assigned to Schools.....	64	00	00
	65	Arizona Wildlife.....	65	00	00
	66	Child Abuse Prevention .....	66	00	00
	67	Domestic Violence Services.....	67	00	00
Refund or Amount Owed	68	Political Gift.....	68	00	00
	69	Neighbors Helping Neighbors.....	69	00	00
	70	Special Olympics.....	70	00	00
	71	Veterans' Donations Fund.....	71	00	00
	72	I Didn't Pay Enough Fund.....	72	00	00
73	Sustainable State Parks and Road Fund.....	73	00	00	
74	Spay/Neuter of Animals.....	74	00	00	
75	Political Party (if amount is entered on line 68 - check only one): 751 <input type="checkbox"/> Democratic 752 <input type="checkbox"/> Libertarian 753 <input type="checkbox"/> Republican	75		00	
76	Estimated payment penalty .....	76		00	
77	771 <input type="checkbox"/> Annualized/Other 772 <input type="checkbox"/> Farmer or Fisherman 773 <input type="checkbox"/> Form 221 included	77		00	
78	Add lines 64 through 74 and 76; enter the total.....	78		00	
79	<b>REFUND:</b> Subtract line 78 from line 63. If less than zero, enter amount owed on line 80.....	79	75	00	
80	<b>AMOUNT OWED:</b> Add lines 60 and 78. Make check payable to Arizona Department of Revenue; write your SSN on payment; and include with your return .....	80		00	

## Charitable Contributions – 2021 Tax Year

### 2021 Form 140 - Standard Deduction Increase for Charitable Contributions

**You must complete this worksheet if you are taking an increased standard deduction for charitable contributions. Include the completed worksheet with your tax return, when filed. If you do not include the completed worksheet, your standard deduction will not be increased.**

Taxpayers electing to take the Standard Deduction on their Arizona tax return may *increase* the standard deduction amount by 25% (.25) of the total amount of the taxpayer's charitable deductions that would have been allowed if the taxpayer elected to claim itemized deductions on the Arizona tax return.

Charitable contributions (lines 1C, 2C, and 3C) are those gifts allowed on federal 1040 Schedule A (Gifts to Charity) that you would have claimed had you elected to take itemized deductions on your federal return.

**NOTE 1:** You must reduce your contribution amount by the total charitable contributions you made during January 1, 2021 through December 31, 2021 for which you are claiming an Arizona tax credit under Arizona law for the current tax year return or claimed on the prior tax year return. Enter this amount on 5C.

**NOTE 2:** If you itemized deductions on your federal return (1040 Schedule A) and were required to adjust the amount of your allowable contributions on your federal 1040 Schedule A for the amount claimed as a tax credit on your Arizona income tax return, include the amount of the federal contribution adjustment to line 1C and enter the amount of the Arizona tax credit on line 5C.

Complete the worksheet to determine your allowable increased standard deduction for charitable contributions.

<b>1C</b>	2021 Gifts by cash or check.....	<b>1C</b>	220	00
<b>2C</b>	2021 Other than by cash or check.....	<b>2C</b>	100	00
<b>3C</b>	Carryover from prior year.....	<b>3C</b>	0	00
<b>4C</b>	Add lines 1C through 3C and enter the total.....	<b>4C</b>	320	00
<b>5C</b>	Total charitable contributions made in 2021 for which you are claiming a credit under Arizona law for the current (2021) or prior (2020) tax year.....	<b>5C</b>	80	00
<b>6C</b>	Subtract line 5C from line 4C and enter the difference. If less than zero, enter "0".....	<b>6C</b>	240	00
<b>7C</b>	Multiply line 6C by 25% (.25) and enter the result.....	<b>7C</b>	60	00

- Enter the amount shown on line 7C on page 2, line 44.
- Be sure to check box **43S** for Standard Deduction on line 43.
- Check box **44C** for charitable contributions on line 44. If you do not check this box, you may be denied the increased standard deduction.