

## Charitable Contributions – 2022 Tax Year & Later

This document describes the steps required to arrive at a correct AZ 140, for the 2022 tax year and later, when a taxpayer has made a contribution to a QCO or a QFCO.

### Background

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

1. We are also allowed to take an additional state tax deduction for a portion of a client's cash and non-cash contributions on top of the standard deduction.
2. Cash contributions to an AZ qualified charitable organization (QCO) or qualified foster care charitable organization (QFCO) must be excluded from this deduction.

### 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

Note: In TaxSlayer, items 1 and 2 above should be entered as federal itemized deductions

## Gifts to Charity - Cash Contributions

[+ Add a Cash Contribution](#)

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

CONTINUE

## Charitable Contributions – 2022 Tax Year & Later

### Schedule A Gifts to Charity Information

Charitable Miles [? Learn more](#)

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

Carryover from Prior Year

CANCEL

CONTINUE

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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:

### Credits

## Arizona Return

### AZ Form 321 Charitable Organization Contribution

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[+ Add Contribution](#)

Organization Name  
QCO

Contribution Amount \$80



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## Charitable Contributions – 2022 Tax Year & Later

### *Standard Deduction*

## Arizona Return

### Standard Deduction

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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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The effect of these entries on the Charitable Contribution worksheet included in the AZ140 is indicated below.

## Charitable Contributions – 2022 Tax Year & Later

### 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.

### Notes:

A 2021 form was used in this example, to illustrate the special process to be followed in TaxSlayer.

The % used to calculate the additional deduction provided by the state has changed since 2021, so the amount calculated in the current year for the same, non-creditable contributions would be higher.