



INSTRUCTIONS FOR APPLICANT:

QUALIFYING CHARITABLE ORGANIZATION

Arizona law allows taxpayers to claim a tax credit for cash contributions made to Qualifying Charitable Organizations (QCO) that offer assistance to Arizona residents in meeting basic needs.

Qualification as a QCO is determined based upon an organization meeting **all** of the following criteria:

1. The organization is a nonprofit 501(c) (3) or is a designated community action agency that receives community services block grant program monies pursuant to 42 United States Code section 9901.
2. The organization spends over fifty percent of its budget to provide qualifying services to qualifying populations.
 - a. As defined in A.R.S. §43-1088.J.5, "services" means cash assistance, medical care, childcare, food, clothing, shelter, job placement, and job training services or any other reasonably necessary support to meet immediate basic needs.
 - b. The organization provides qualifying services to residents of Arizona who receive Temporary Assistance for Needy Families (TANF) benefits, are classified as low-income residents, or are individuals who have a chronic illness or physical disability. As defined in A.R.S. §43-1088.J.2, "Low-income residents" means persons whose household income is less than 150% of the federal poverty level. As outlined in A.R.S. §43-1088.J.1, "Individuals who have a chronic illness or physical disability" means individuals whose primary diagnosis is a severe physical condition that may require ongoing, medical or surgical intervention.
3. The organization provides a statement indicating plans to continue spending at least fifty percent of its budget on services to residents of this state who receive temporary assistance for needy family's benefits, are low-income residents or individuals who have a chronic illness or physical disability.
4. The organization provides a statement indicating it does not offer, pay for or provide coverage for abortions, and does not financially support any other entity that provides, pays for or provides coverage of abortions.

Steps to Apply

1. Complete the application form by providing contact information and affirming that you meet all requirements as listed on the form. **You must meet all of the first six requirements to be considered as a Qualifying Charitable Organization under the law.**
 - Sign the certification form by an officer of your organization. The signer should be able to represent the charity in official matters, e.g., the Chief Executive Officer, President, Secretary, Treasurer, Vice-President of Tax, Chief Financial Officer, Chief Operating Officer, Chief Tax Officer, or any other corporate officer who has the authority to bind the organization on matters related to state tax.
2. In the context of the law, describe:
 - The qualifying services your organization provides.
 - “Services” means cash assistance, medical care, childcare, food, clothing, shelter, job placement, and job training services or any other assistance that is reasonably **necessary to meet immediate basic needs** and that is provided and used in this state.
 - The qualifying population you serve and how you determine eligibility.
 - Residents of Arizona who receive TANF benefits, are classified as low-income residents and/or are individuals who have a chronic illness or physical disability.
 - “TANF” means Temporary Assistance for Needy Families benefits.
 - “Low-income residents” means persons whose household income is less than 150% of the federal poverty level.
 - “Individuals who have a chronic illness or physical disability” means individuals whose primary diagnosis is a **severe physical condition** that may require ongoing medical or surgical intervention.
 - How your financial statements demonstrate that at least fifty percent of your operating budget is spent on the services and populations identified for this program.
3. Submit a copy of your financial statements for the prior operating year, indicating the amount spent on services and populations identified in your narrative. For example:
 - Budget, expense report, income statement, or statement of functional expenses, etc. Please note: Federal tax forms (W-2, 990) typically **do not** contain the level of detail necessary.
4. Submit a copy of your federal 501(c)(3) letter or a copy of your status as a community action agency that receives community services block grant program monies.
5. Application materials must be **submitted electronically** or mailed. Email is the preferred method. Mailed applications may experience some delays. All appointments must be scheduled in advance, no walk-in appointments.

Email to: **QCO@azdor.gov**
Use subject: QCO Application – [name of your organization]

OR

Mail to: Arizona Department of Revenue, OERA
Attn: Program Manager
P.O. Box 29099, Phoenix, AZ 85038

Evaluation Process and Follow Up

Applications are processed on a first come, first serve basis. Applications that are complete with the appropriate supplemental materials will take less time to process than those that are incomplete. Efforts are made to process applications within a few weeks turnaround time, yet there are certain times of the year (October, November, December, and January) when the turnaround time may take longer. Typically, applications received in December are not reviewed until January of the following year due to the high number of applications received.

IF THE ORGANIZATION QUALIFIES:

- The organization will be notified in writing/via email that your organization meets the criteria to be considered as a Qualifying Charitable Organization.
- The organization will be sent a Notice of Certification via email.

IF THE ORGANIZATION DOES NOT QUALIFY:

- The Organization will be notified via email that your organization does not meet the criteria to be considered a Qualifying Charitable Organization or Qualifying Foster Care Charitable Organization.
- The Organization can reapply as a Qualifying Charitable Organization at a later date. Submit written certification that complies with the criteria of the law.
- The organization will be provided with information on how you can request an informal meeting to discuss the decision or how you can schedule a formal appeal.

FOR QUESTIONS/CONCERNS

Contact the program administrators: QCO/QFCO Program Manager

Email: **QCO@azdor.gov**
Call: (602) 716-6372 ext. 2
Mail: Arizona Department of Revenue, OERA
Attn: Program Manager
P.O. Box 29099
Phoenix, AZ 85038