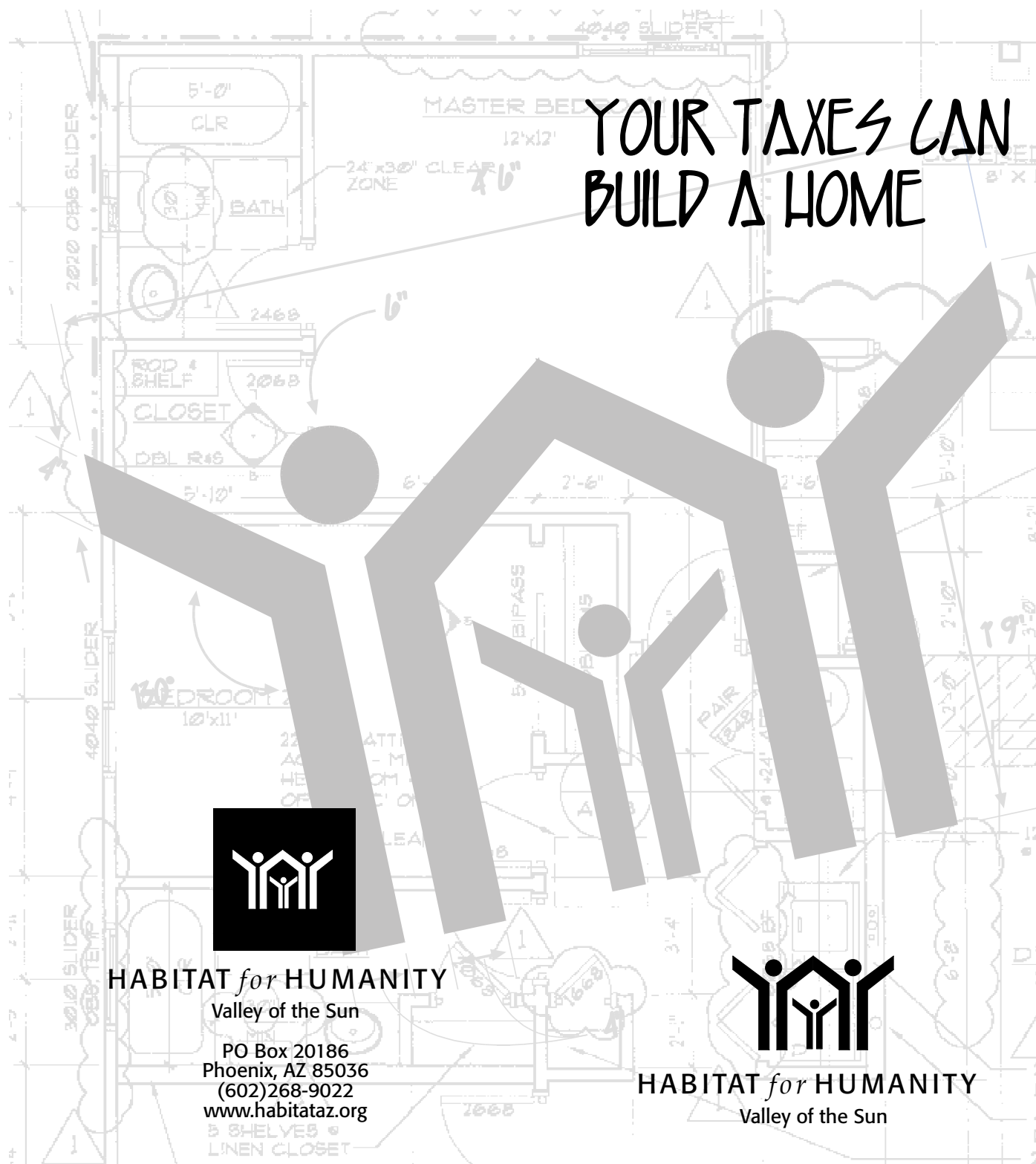


**Words from local habitat homeowners:**

"I've made a lot of improvements in my life and for my self through Habitat for Humanity. A Habitat home is not just affordable housing, [not] just owning a home; it is a foundation that we can build our lives on. Just having your own home gives you a sense of pride and stability. I really feel proud. For the first time in my life I feel really good about myself. I have self-esteem for the first time – and Habitat played a part in that." – Nicole

"The house is so much bigger than our apartment; it is big enough for us. We are so happy. In our old apartment complex I worried about my kids being exposed to drugs and violence. We had to keep our kids indoors. Now, we have nice neighbors and the kids have a playground and a backyard to play in. We appreciate what Habitat for Humanity and our sponsors have done for us." – Kibra

"God is surrounding us with angels here at Habitat for Humanity. They are building this house with love for us. It wouldn't feel as wonderful to win the lottery as it has felt to build a house with Habitat." – Lupe



**YOUR TAXES CAN BUILD A HOME**



**HABITAT** *for* **HUMANITY**

Valley of the Sun

PO Box 20186  
Phoenix, AZ 85036  
(602)268-9022  
[www.habitataz.org](http://www.habitataz.org)



**HABITAT** *for* **HUMANITY**  
Valley of the Sun

## **If you want to make positive change in our community – take notice!**

### **A valuable tax credit for you, another home for a deserving family.**

The credit is only available to individuals who have itemized deductions and deducted charitable contributions on a prior year's Arizona return (1996 or later) at least once. Corporations and partnerships may not claim the credit.

### **Who can use the tax credit?**

A charitable tax credit is much more favorable to you as a taxpayer. A charitable tax credit reduces your Arizona tax liability dollar-for-dollar (i.e., gives to your favorite charity what you would otherwise give to the State). A charitable deduction is itemized and subtracted from gross income to determine the amount of the taxpayers taxable income, thus reducing a taxpayers tax liability by a limited percentage.

### **What's the difference between a charitable tax credit and a charitable deduction?**

Thanks to a recently enacted Arizona tax law, taxpayers can get a dollar-for-dollar tax credit of up to \$200 on their Arizona income tax return for charitable contributions made to a qualifying charitable organization. Habitat for Humanity Valley of the Sun is one of a few organizations that qualifies for this credit. An Arizona charitable tax credit contribution has the effect of reducing your Arizona tax liability dollar-for-dollar up to \$200 that you contribute to Habitat for Humanity Valley of the Sun.

### **Must I have itemized to be eligible for the tax credit?**

YES! A taxpayer must itemize deductions and deduct charitable contributions on the Arizona state income tax return at least once (1996 or later) in order to establish a baseline year and amount. The credit is then figured on the amounts over and above the baseline amount.

### **What if I didn't itemize in any of the years between 1996 and the present? Can I itemize now and still use the credit?**

NO! You must first establish your baseline year in a year prior to the year in which you claim the credit. For example, if you wish to use the credit and you have not itemized in any of the years between 1996 and the present, then you must itemize this year. You will then be eligible for a credit next year (assuming of course that your contribution is in excess of the base year.)

### **How does a taxpayer determine the baseline year and amount?**

If a taxpayer itemized deductions and deducted charitable contributions in 1996, that is by law the baseline year. The baseline amount is the total dollar amount of charitable contributions deducted on Schedule A. This amount includes the total contributions deducted pursuant to Section 170 of the Internal Revenue Code including cash amounts, property, or mileage amounts.

Therefore, if a taxpayer deducted a total of \$500 in charitable contributions in 1996, that is the baseline amount. If a taxpayer did not itemize deductions and deduct charitable contributions in 1996, then the baseline year is by law the first taxable year after 1996 that the taxpayer itemized deductions and deducts charitable contributions.

### **How is the credit amount figured once a taxpayer has established a baseline?**

Credit dollars are allowed on the amounts above the baseline dollar amount. For instance, if a taxpayer has a baseline amount of \$500, the taxpayer must give \$700 in total contributions. That includes \$200 to a qualifying charitable organization to receive a \$200 tax credit. Likewise, a taxpayer could give \$600 in total contributions, including \$200 to a qualifying charitable organization, and receive a \$100 tax credit.

### **Where can I obtain more information about this program?**

Call the arizona department of Revenue at 602-255-3381. Request a copy of Arizona Form 321 and publication 708, "Welfare Reform Tax Credits". Form 321 can assist you in figuring your tax credit, and Publication 708 provides much more information on this tax credit. An accountant or CPA can also provide you with more information. Please consult your tax advisor.

### **So what are the steps necessary to make a donation?**

If you would like to make a donation, your check or money order should be made out to Habitat for Humanity Valley of the Sun. AND, if you would like your gift to be designated to a specific build (as part of a church or company fundraising effort) please note the name of the organization to which you belong in the memo line of the check itself. Checks should be received by December 31st. You will receive a receipt for your donation from Habitat for Humanity, which you will need when completing your tax return.

### **Can I qualify for the charitable tax credit if I also recognize other arizona tax credits?**

YES! The charitable tax credit may be recognized in addition to other Arizona tax credits such as conservation, energy and parochial school tuition credits. Tax credits can reduce your Arizona taxes to \$0.

Thank you!!

Habitat for Humanity Valley of the Sun builds 30 homes each year because of support we receive from right here in the Valley. Think your donation won't make a difference? Every donation counts, and we are changing our neighborhoods and our neighbors lives – one house and one family at a time. Thank you for your support. Please call Missie at (602)268-9022 with any questions.