How the Arizona Qualified Charitable Organization (QCO) Tax Credit Works

For Information on your specific tax liability and any additional deductions or credits you may be eligible to claim, consult with your tax advisor. Basic examples reflect common exemptions and deductions, but may not be reflective of your personal tax situation. BBBSF is not a tax advisor. To more closely estimate your 2026 income tax liability, you can input your income into online tax calculators.

Scenario A: Single Filer with $50,000 gross taxable income*

Gross Taxable Income:	$	50,000.00
Standard Deduction for single filers in Arizona (higher for Head of household and individuals age 65 and older):	$	16,100.00
Taxable Income: ($50,000 minus $16,100)	$	33,900.00
Flat Tax Rate: 2.50%		2.50%
State Tax Owed/Tax Liability without Tax Credits: ($33,900 × 0.025**)**	$	847.50
Public School Single Filer Tax Credit:	$	200.00
Qualified Charitable Organization Tax Credit:	$	506.00
New State Tax Owed/Tax Liability with Tax Credit Contriutions: ($847.50 - $200 - $506)	$	141.50
Tax Withheld through Payroll: (based on 2.0% election on the A-4, $50,000 x .02)	$	1,000.00
Tax Refund Prior to Tax Credits: ($1000 witheld through payroll-$847.50 tax liability)	$	152.50
Tax Refund After Tax Credits: ($1000 witheld through payroll-$141.50 tax liability)	$	858.50

*** Your taxable income does not include pretax payroll contriutions to eligible health insurance premiums, traditional 401k plans, Health Savings Accounts or Flexible Spending Accounts. A single individual with a salary of $60,000 who contributes 5% ($3,000) to a traditional 401k and has an additional $583/month ($7000 annually) withheld pre-tax for medical/dental/vision/HSA/Flex premiums, would have a taxable income of approximately $50K. Eligible employer-withheld pre-tax contributions are removed from your gross pay and excluded from your taxable income on your W-2 form (see example W-2).**

Tax Filers with dependents should also consider possible AZ dependent tax credit(s) of $100 for dependents under age 17 and $25 for dependents age 17 and older.

Scenario B: Joint Filers with $100,000 gross taxable income*

Gross Taxable Income:	$	100,000.00
Standard Deduction for married filers in Arizona (higher for individuals age 65 and older):	$	32,200.00
Taxable Income: ($100,000 minus $32,200)	$	67,800.00
Flat Tax Rate: 2.50%		2.50%
State Tax Owed/Tax Liability without Tax Credits: ($67,800 × 0.025**)**	$	1,695.00
Public School Joint Filer Tax Credit/maximum donation:	$	400.00
Qualified Charitable Organization Joint Filer Tax Credit/maximum donation:	$	1,009.00
New State Tax Owed/Tax Liability with Tax Credit Contriutions: ($1695 - $400 - $1009)	$	286.00
Tax Withheld through Payroll: (based on 2.0% election on the A-4, $100,000 x .02)	$	2,000.00
Tax Refund Prior to Tax Credits: ($1000 witheld through payroll-$847.50 tax liability)	$	305.00
Tax Refund After Tax Credits: ($1000 witheld through payroll-$141.50 tax liability)	$	1,714.00

*** Your taxable income does not include pretax payroll contriutions to eligible health insurance premiums, traditional 401k plans, Health Savings Accounts or Flexible Spending Accounts. Eligible employer-withheld pre-tax contributions are removed from your gross pay and excluded from your taxable income on your W-2 form (see example W-2).**

Tax Filers with dependents should also consider possible AZ dependent tax credit(s) of $100 for dependents under age 17 and $25 for dependents age 17 and older.

W-2 Employee Reference Copy Wage and Tax **20XX** Copy C for employee's records. OMB No. 1545-0008	
d Control number: 000011 R#/123 — Dept. — Corp. — Employer use only: A 22	
c Employer's name, address, and ZIP code SAMPLE COMPANY INC 123 MAIN ST ANYWHERE, BATCH #12345	
e/f Employee's name, address, and ZIP code JOHN SMITH 1234 S MAPLE ST ANYWHERE, CA 123456	
b Employer's FED ID number 12-3456789	a Employee's SSA number XXX-XX-1234
1 Wages, tips, other comp. 23500.00	2 Federal income tax withheld 1500.00
3 Social security wages 23500.00	4 Social security tax withheld [illegible]57.00
5 Medicare wages and tips 23500.00	Medicare tax withheld 340.75
7 Social security tips	8 Allocated tips
9	10 Dependent care benefits
11 Non qualified plans	12a See instructions for box 12 W | 500.00
14 Other	12b | 12c | 12d | 13 Stat emp | Ret. plan | 3rd party sick pay
15 State: CA — Employer's state ID no.: 12345678901ABC	16 State wages, tips, etc. 23500.00
17 State income tax 800.00	18 Local wages, tips, etc.
19 Local income tax	20 Locality name

20XX W-2 and EARNINGS SUMMARY

This section displays the breakdown of your total gross pay during the tax year and any ac to determine the "Reported W-2 Wages". These amounts should match your final pay stat the tax year, unless your employer made adjustments after your last payroll of the year.

1. Your Gross Pay was adjusted as follows to produce your W-2 Statement.

	Wages, Tips, other Compensation Box 1 of W-2	Social Security Wages Box 3 of W-2	Medicare Wages Box 5 of W-2	State Wages, Tips, Etc. Box 16 of W-2
Gross Pay	25,000.00	25,000.00	25,000.00	25,000.00
Less Other Cafe 125	1,000.00	1,000.00	1,000.00	1,000.00
Less Cafe125 HSA (W-Box 12)	500.00	500.00	500.00	500.00
Reported W-2 Wages	23,500.00	23,500.00	23,500.00	23,500.00

Gross Pay/Salary

Pre-Tax Deductions

Gross Taxable Income on W-2, prior to Standard and dependent deductions

2. Employee Name and Address.

JOHN SMITH
1234 S MAPLE ST
ANYWHERE,

For Information on how your specific tax liability is calculated and any additional deductions you may be eligible for, consult with your tax advisor. Basic Examples provided show common exemptions and deductions, but may not be reflective of your personal tax situation. Native Americans who live and work on their own tribe's reservation may be eligible for AZ State tax exemptions so that they do not pay Arizona state income tax on that income.