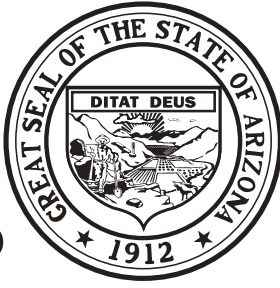


# 2016



## Arizona Form 140 Resident Personal Income Tax Booklet

### This Booklet Contains:

- Form 140 – Resident Personal Income Tax Return
- Form 140 Schedule A – Itemized Deduction Adjustments
- Form 204 – Extension Request

## Where's my Refund?

Check your refund status at  
[www.AZTaxes.gov](http://www.AZTaxes.gov)

### Who can use Arizona Form 140?

You, and your spouse if married filing a joint return, may file Form 140 only if you are full year residents of Arizona.

You must use Form 140 rather than Form 140A or Form 140EZ to file for 2016 if any of the following apply to you.

- Your Arizona taxable income is **\$50,000 or more**.
- You received active duty military pay as a member of the U.S. Armed Forces.
- You received pay for active service as a reservist or a National Guard member.
- You are making adjustments to income.
- You itemize deductions.
- You claim tax credits other than the family income tax credit, the property tax credit or the credit for increased excise taxes.
- You are claiming estimated payments.

ARIZONA



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## 8 Great Reasons to e-File this Form!

- ◆ **Faster Refunds: With Direct Deposit**
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- ◆ **Filing Confirmation Provided**
- ◆ **Makes Complex Returns Easy**
- ◆ **Error/Math Checking Feature**
- ◆ **File Federal & State Forms Together**
- ◆ **If You Qualify, It's Free**
- ◆ **Secure**



## Pay your taxes by credit card!

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### CAUTION

The federal adjusted gross income that you use on your Arizona return may not be the same as the federal adjusted gross income from your federal tax return. Also, the federal Schedule A deductions used on the Arizona return may be different from the federal Schedule A deductions taken on your federal return.

Each year the Arizona State Legislature considers if they will adopt changes made to the federal tax law during the prior year. These forms assume the

Legislature will adopt all federal law changes made after January 1, 2016. If you use the amounts from your 2016 federal tax return to complete your Arizona return and the Legislature does not adopt the 2016 federal changes, you may have to amend your return at a later date for any difference between Arizona and federal law. For more details, visit [www.azdor.gov](http://www.azdor.gov) and click on the link for 2016 conformity.



# Notice

As a rule, the starting point for your Arizona return is your federal adjusted gross income. To take itemized deductions, you must start with the amount shown on the federal Schedule A. This is the case for 2016, except for changes Congress made to the federal tax code during 2016 and the following apply.

1. The changes affect how you figure your federal adjusted gross income.

**AND/OR**

2. The changes affect how you figure your itemized deductions.

When federal changes are made, Arizona legislature must adopt those changes if the Arizona starting points are to be kept the same. The legislature will address this issue when it is in session during 2017. We must publish these forms before this issue will be addressed by the legislature. When we went to print, Arizona had not yet adopted any federal tax law changes made after January 1, 2016.

**What does this mean to you? It means that if any of the federal law changes made in 2016 apply to your 2016 return, you can opt to file your 2016 return using one of the following methods.**

1. You can wait and file your 2016 return after this issue has been addressed.
  - To do this, you may need to ask for a filing extension. You must pay 90% of the tax due by the due date of the return before any extension.
2. You can file your 2016 return assuming that the federal law changes will be adopted. The 2016 tax forms make this assumption.

**If you opt for method 2, one of the following will apply.**

- If Arizona adopts those changes, you do not have to do anything more.
  - If Arizona does not adopt all those changes, you may need to amend your 2016 Arizona return. Your amended return will have to show the difference between the Arizona law and the federal law. If this happens, we will post more details on our Conformity to IRC webpage. To view this page go to <http://www.azdor.gov> and click on Legal Research on the left side, then click on Conformity to IRC. Generally, no penalties or interest will be assessed on these amended returns, if you follow the Department's instructions and pay any tax due when you file your original 2016 return and you file and pay the required amended return by the extended due date of your 2017 return.
3. You can file your 2016 return assuming that we will not adopt the federal law changes. If you opt for this method, you will have to do the following.
    - You will have to research all of the federal changes made after January 1, 2016.
    - You will have to figure out if any of those changes apply to you.
    - You will have figure out how to make adjustments for those changes on your return.

**If you opt for method 3, one of the following will apply.**

- If Arizona does not adopt those changes, you do not have to do anything more.
- If Arizona adopts those changes, you may need to amend your 2016 Arizona return. Your amended return will have to show the difference between what you reported and what you should have reported. If this happens, we will post more details on our Conformity to IRC webpage. To view this page go to <http://www.azdor.gov> and click on Legal Research on the left side, then click on Conformity to IRC.



## Due date for calendar year filers

Because April 15, 2017, falls on a Saturday and District of Columbia Emancipation Day will be observed on Monday, April 17, 2017, you have until Tuesday, April 18, 2017, to file your income tax return.

## 2016 Individual Income Tax Brackets Adjusted for Inflation

For 2016, the individual income tax brackets have been adjusted for inflation.

## 2016 Arizona Standard Deduction

For 2016, the Arizona standard deduction was indexed for inflation. For a single taxpayer or a married taxpayer filing a separate return the amount is \$5,099. For a head of household or a married couple filing a joint return the amount is \$10,189.

## Subtraction for Arizona Bonus Depreciation

For assets placed in service in taxable years beginning from and after December 31, 2015, the allowable subtraction for Arizona's bonus depreciation is 55% of the amount of federal bonus depreciation pursuant to Internal Revenue Code § 168(k).

## Credit for Contributions made to Qualifying Charitable Organizations [Arizona Forms 321 and 352 (new for 2016)]

The laws providing for a credit for contributions made to qualifying Charitable Organizations have been amended. For tax years beginning from and after December 31, 2015:

- Donations to qualifying charitable organizations and donations to qualifying foster care organizations will be claimed as *separate* credits with separate limitations for each, rather than combined limitations.
  - Donations to qualifying charitable organizations (not including the qualifying foster care charitable organizations) will still be claimed on Arizona Form 321, *Credit for Contributions to Qualifying Charitable Organizations*.  
For 2016, the maximum current year's credit is:
    - \$400 for single or head of household
    - \$800 for married filing joint
  - Donations to qualifying foster care charitable organizations will now be claimed on Arizona Form 352, *Credit for Contributions to Qualifying Foster Care Charitable Organizations*.  
For 2016, the maximum current year's credit is:
    - \$500 for single or head of household
    - \$1,000 for married filing joint
- Credit eligible contributions made to a qualifying charitable organization or a qualifying foster care charitable organization that are made on or before the 15th day of the fourth month following the close of the taxable year may be applied to either the current or the

preceding taxable year and is considered to have been made on the last day of that taxable year. For example, a taxpayer who files a 2016 calendar year end tax return may claim qualifying contributions made between January 1, 2017 and April 18, 2017 on either the 2016 or 2017 income tax return.

**NOTE:** *Because calendar year filers have until April 18, 2017, to file their 2016 tax return, these taxpayers also have until April 18, 2017, to make qualifying contributions and claim these credits on their 2016 return.*

- If you have a carryover amount from a prior year for cash contributions made to a qualifying foster care charitable organization for which you claimed a credit on Form 321, you **must** claim the carryover amount on Form 321. Do not claim any carryover amount on Form 352 from contributions made to qualifying foster care charities and claimed on Form 321 in prior years.

## Credit for Contributions Made or Fees Paid to Public Schools (Arizona Form 322)

The law providing for a credit for contributions made or fees paid to a public school by a taxpayer or on behalf of a taxpayer was amended to allow a taxpayer to claim a credit for contributions made or fees paid to a public school for extracurricular activities which may or may not require an enrolled student to pay fees to participate in a qualifying extracurricular activity. For more information on what qualifies as an extracurricular activity for the purpose of this credit, see Form 322.

Recent legislation also expanded what qualifies as an extracurricular activity. Beginning 2016, contributions made or fees paid for cardiopulmonary resuscitation training qualify for this credit. For more information, see Form 322.

## Credit for Contributions to Private School Tuition Organizations (Arizona Form 323)

The allowable current year's credit for contributions to private school tuition organizations was adjusted for inflation purposes. For 2016, the maximum current year's credit is:

- \$545 for single or head of household
- \$1,090 for married filing joint

## Solar Liquid Fuel Credit (Arizona Form 344)

The credit for solar liquid fuel was expanded for taxable years beginning from and after December 31, 2015, through December 31, 2026. Previously, the credit was limited to costs incurred during the taxable year costs for research and development associated with solar liquid fuel.

For 2016 taxable years, the credit also includes costs for the production of solar liquid fuel in this state in commercial quantities, and for costs incurred during the taxable year to

convert or modify existing motor vehicle fuel service stations for the retail sale of solar liquid fuel to customers. For more information, see Arizona Form 344.

**Credit for Contributions Made to Certified School Tuition Organization (Arizona Form 348)**

The allowable current year's credit for contributions to a certified school tuition organization was adjusted for inflation purposes. For 2016, the maximum current year's credit is:

- \$542 for single or head of household
- \$1,083 for married filing joint

## 2016 Resident Personal Income Tax Return

### For information or help, call one of the numbers listed:

Phoenix (602) 255-3381  
From area codes 520 and 928, toll-free (800) 352-4090

### Tax forms, instructions, and other tax information

If you need tax forms, instructions, and other tax information, go to the department's website at [www.azdor.gov](http://www.azdor.gov).

### Income Tax Procedures and Rulings

These instructions may refer to the department's income tax procedures and rulings for more information. To view or print these, go to our website and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

### Publications

To view or print the department's publications, go to our website and click on *Publications*.

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*E-file* today, pay by April 18, 2017, to avoid penalties and interest.

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Visit our website at [www.azdor.gov](http://www.azdor.gov) for a listing of approved *e-file* providers and on-line filing sources.

\*\* For free *e-file* requirements, go to our website at [www.azdor.gov](http://www.azdor.gov).

### Who Must Use Form 140?

You (and your spouse, if married filing a joint return) may file Form 140 only if both of you are full year residents of Arizona.

You **must** use Form 140 rather than Form 140A or Form 140EZ to file for 2016 if any of the following apply to you:

- Your Arizona **taxable income** is \$50,000 or more, regardless of filing status.
- You are making adjustments to income.
- You itemize deductions.
- You claim tax credits other than the family income tax credit, the credit for increased excise taxes, or the property tax credit.
- You are claiming estimated payments.

### Do You Have to File?

#### Arizona Filing Requirements These rules apply to all Arizona taxpayers.

You must file if you are:	and your Arizona adjusted gross income is at least:	or your gross income is at least:
• Single	\$ 5,500	\$15,000
• Married filing joint	\$11,000	\$15,000
• Married filing separate	\$ 5,500	\$15,000
• Head of household	\$ 5,500	\$15,000

If you are an Arizona resident, you must report income from **all** sources including **out-of-state** income.

To see if you have to file, figure your gross income the same as you would figure your gross income for federal income tax purposes. Then, you should exclude income Arizona law does not tax. Income Arizona law does not tax includes:

- interest from U.S. Government obligations,
- social security retirement benefits received under Title II of the Social Security Act,
- benefits received under the Railroad Retirement Act, tier 1 or tier 2 railroad retirement benefits, railroad disability benefits reported on federal forms RRB-1099 and RRB-1099-R, railroad unemployment benefits and railroad sickness payments paid by the Railroad Retirement Board, or
- pay received for active service as a member of the Reserves, National Guard or the U.S. Armed Forces.

You can find your Arizona adjusted gross income on page 2, line 42 of Arizona Form 140.

**NOTE:** *Even if you are not required to file, you must still file a return to get a refund of any Arizona income tax withheld.*

### Do You Have to File if You Are an American Indian?

You must file if you meet the Arizona filing requirements unless **all** the following apply to you:

- You are an enrolled member of an Indian tribe.
- You live on the reservation established for that tribe.
- You earned **all** of your income on that reservation.

For information on the Arizona tax treatment of American Indians, see the department's ruling, ITR 96-4, *Income Taxation of Indians and Spouses*.

## Do You Have to File if You Are the Spouse of an American Indian and You Are Not an Enrolled Indian?

You must file if you meet the Arizona filing requirements. For more information, see the department's ruling, ITR 96-4, *Income Taxation of Indians and Spouses*.

## Do You Have to File if You Are in the Military?

You must file if you meet the Arizona filing requirements unless **all** of the following apply to you:

- You are an active duty member of the United States armed forces.
- Your only income for the taxable year is pay received for active duty military service.
- There was no Arizona tax withheld from your active duty military pay.

If Arizona tax was withheld from your active duty military pay, you must file an Arizona income tax return to claim any refund you may be due from that withholding.

You must also file an Arizona income tax return if you have any other income besides pay received for active duty military service.

If you are an Arizona resident and you have to file an Arizona return, you should file using Form 140. If you were an Arizona resident when you entered the service, you remain an Arizona resident, no matter where stationed, until you establish a new domicile.

As an Arizona resident, you must report all of your income to Arizona, no matter where stationed. You must include your military pay, but using Form 140, you may subtract all pay received for active duty military service; to the extent it is included in your federal adjusted gross income.

If you are **not** an Arizona resident, but stationed in Arizona, the following applies to you:

- You are not subject to Arizona income tax on your military pay.
- You must report any other income you earn in Arizona. Use Form 140NR, *Nonresident Personal Income Tax Return*, to report this income.

To find out more, see the department's publication, Pub. 704, *Taxpayers in the Military*.

### Find an Authorized e-file Provider

An authorized e-file provider can take the guesswork out of filing taxes.

To find an authorized e-file provider near you visit [www.azdor.gov](http://www.azdor.gov)



## If You Included Your Child's Unearned Income on Your Federal Return, Does Your Child Have to File an Arizona Return?

No. In this case, the child should not file an Arizona return. The parent must include that same income in his or her Arizona taxable income.

## Residency Status

If you are not sure if you are an Arizona resident for state income tax purposes, we may be able to help. For more information, see the department's procedure, ITP 92-1, *Procedure For Determining Residency Status*.

### Residents

You are a resident of Arizona if your domicile is in Arizona. Domicile is the place where you have your permanent home. It is where you intend to return if you are living or working temporarily in another state or country. If you leave Arizona for a temporary period, you are still an Arizona resident while gone. A resident is subject to tax on all income no matter where the income is earned.

### Part-Year Residents

If you are a part-year resident, you must file Arizona Form 140PY, *Part-Year Resident Personal Income Tax Return*. You are a part-year resident if you did **either** of the following during 2016:

- You moved into Arizona with the intent of becoming a resident.
- You moved out of Arizona with the intent of giving up your Arizona residency.

### Nonresidents

If you are a nonresident, you must file Arizona Form 140NR, *Nonresident Personal Income Tax Return*.

## What if a Taxpayer Died?

If a taxpayer died before filing a return for 2016, the taxpayer's spouse or personal representative may have to file and sign a return for that taxpayer. A personal representative can be an executor, administrator, or anyone who is in charge of the deceased taxpayer's property.

If the deceased taxpayer did not have to file a return but had tax withheld, a return must be filed to get a refund.

The person who files the return should use the form the taxpayer would have used. The person who files the return should print the word "deceased" after the decedent's name. Also enter the date of death after the decedent's name.

If your spouse died in 2016 and you did not remarry in 2016 or if your spouse died in 2017 before filing a return for 2016, you may file a joint return. If your spouse died in 2016, the joint return should show your spouse's 2016 income before death and your income for all of 2016. If your spouse died in 2017, before filing the 2016 return, the joint return should show all of your income and all of your spouse's income for 2016. Print "Filing as surviving spouse" in the area where you



sign the return. If someone else is the personal representative, he or she must also sign the return.

### Are Any Other Returns Required?

You may also have to file a fiduciary income tax return (Form 141AZ). For details about filing a fiduciary income tax return, call the department at (602) 255-3381.

### Claiming a Refund for a Deceased Taxpayer

If you are claiming a refund for a deceased taxpayer, you **must** complete Arizona Form 131, *Claim for Refund on Behalf of Deceased Taxpayer*. Place the completed Form 131 on top of the **front** of the return.

## What are the Filing Dates and Penalties?

### When Should You File?

Your 2016 calendar year tax return is due no later than midnight, April 18, 2017. File your return as soon as you can after January 1, 2017, but no later than April 18, 2017.

**NOTE:** *Because April 15, 2017, falls on a Saturday and District of Columbia Emancipation Day will be observed on April 17, 2017, you have until April 18, 2017, to file your return.*

If you are a fiscal year filer, your return is due on the 15th day of the fourth month following the close of your fiscal tax year.

### What if You Cannot File on Time?

You may request an extension if you know you will not be able to file on time.

**NOTE:** *An extension does not extend the time to pay your income tax. See the instructions for Arizona Form 204.*

### To get a filing extension, you can either

- Apply for a state extension (Arizona Form 204). To apply for a state extension, file Form 204 by April 18, 2017. See Form 204 for details. You do not have to include a copy of the extension with your return when you file, but make sure that you check box **82F** on page 1 of the return. If you must make a payment, use Arizona Form 204, or visit [www.AZTaxes.gov](http://www.AZTaxes.gov) to make an electronic payment.
- Use your federal extension (federal Form 4868). File your Arizona return by the same due date. You do not have to include a copy of your federal extension with your return, but make sure that you check box **82F** on page 1 of the return.

**NOTE:** *Because October 15, 2017, falls on a Sunday, you have until Monday, October 16, 2017, to file your return.*

### When Should You File if You Are a Nonresident Alien?

The due date for your Arizona return is not the same as the due date for your federal return. Your Arizona return is due by April 18, 2017, even though your federal return is due on June 15, 2017. If you want to file your Arizona return after April 18, 2017 you must ask for a filing extension. You must file this request by April 18, 2017. Arizona will allow up to a

6-month extension. This will allow you to file your return by October 16, 2017. See Form 204 for extension filing details.

If you have a federal 6-month extension, you can file your Arizona return under that extension. If you file using your federal extension, Arizona will also allow you an extra 6 months.

Because we will allow only 6 months, the due date for your Arizona return is not the same as the due date for your federal return. In this case, your Arizona return will be due by October 16, 2017, even though your federal return will not be due until December 15, 2017. If you file your 2016 Arizona calendar year return after October 16, 2017, your return will be late.

**NOTE:** *Because October 15, 2017, falls on a Sunday, you have until Monday, October 16, 2017, to file your return.*

If you are a fiscal year filer, your return is due on the 15th day of the fourth month following the close of your fiscal year.

## What if You File or Pay Late?

If you file or pay late, we will charge you interest and penalties on the amount you owe. If the U.S. Post Office postmarks your 2016 calendar year return by April 18, 2017, your return will not be late. You may also use certain private delivery services designated by the Internal Revenue Service (IRS) to meet the “timely mailing as timely filed” rule. For more information, see “*Mailing Your Return*” at the end of these instructions.

### Late Filing Penalty

If you file late, we will charge you a late filing penalty. This penalty is 4½% (.045) of the tax required to be shown on the return for each month or fraction of a month the return is late. This penalty cannot exceed 25% (.25) of the tax found to be remaining due.

### Late Payment Penalty

If you pay your tax late, we will charge you a late payment penalty. This penalty is ½ of 1% (.005) of the amount shown as tax for each month or fraction of a month for which the failure continues. We charge this penalty from the original due date of the return until the date you pay the tax. This penalty cannot exceed a total of 10% (.10) of the unpaid tax.

### Extension Underpayment Penalty

If you file your return under an extension, you must pay 90% (.90) of the tax shown on your return by the return's original due date. If you do not pay this amount, we will charge you a penalty. This penalty is ½ of 1% (.005) of the tax not paid for each 30 day period or fraction of a 30 day period. We charge this penalty from the original due date of the return until the date you pay the tax. This penalty cannot exceed 25% (.25) of the unpaid tax. If we charge you the extension underpayment penalty, we will not charge you the late payment penalty under Arizona Revised Statutes (A.R.S.) § 42-1125(D).

**NOTE:** *If you are subject to two or more of the above penalties, the total cannot exceed 25%.*

**Interest**

We charge interest on any tax not paid by the due date. We will charge you interest even if you have an extension. If you have an extension, we will charge you interest from the original due date until the date you pay the tax. The Arizona interest rate is the same as the federal rate.

**When Should You Amend a Return?**

If you need to make changes to your return after you have filed, **do not** file a new return using Form 140. You must file Arizona Form 140X, *Individual Amended Income Tax Return*. File your amended return after your original return has processed. Generally, you have four years to amend a return to claim a refund.

If you amend your federal return for any year, you must also file an Arizona Form 140X for that year.

If the IRS makes a change to your federal taxable income for any year, you must report that change to Arizona. You must file Form 140X within 90 days of the final determination of the IRS. You may use one of the following two options to report this change.

**Option 1**

You may file a Form 140X for that year. If you choose this option, you must amend your Arizona return within 90 days of the final determination of the IRS. Include a complete copy of the federal notice with your Form 140X.

**Option 2**

You may file a copy of the final federal notice with the department within 90 days of the final determination of the IRS. If you choose this option, you must include a statement in which you must:

1. Request that the department recompute your tax.
2. Indicate if you agree or disagree with the federal notice.

If you do not agree with the federal notice, you must also include any documents that show why you do not agree. If you choose option 2, mail the federal notice and any other documents to:

Individual Income Audit  
 Arizona Department of Revenue  
 PO Box 29084  
 Phoenix, AZ 85038-9084

**Do You Need to Make Arizona Estimated Payments in 2017?**

You must make estimated income tax payments during 2017 if:		
Your filing status is:	<b>AND</b> your Arizona gross income for 2016 was greater than:	<b>AND</b> your Arizona gross income for 2017 is greater than:
Married Filing Joint	\$150,000	\$150,000
Single	\$75,000	\$75,000

Head of Household	\$75,000	\$75,000
Married Filing Separate	\$75,000	\$75,000

If you met the income threshold for 2016, you must make estimated payments during 2017 unless you are sure you will not meet the threshold for 2017. As a full year resident, your Arizona gross income is your federal adjusted gross income. This amount is on page 1, line 12 of the 2016 Form 140.

See the worksheet for Arizona Form 140ES to figure how much your payments should be. For more information about making estimated payments, see the department's publication, Pub. 012, *Arizona Individual Estimated Income Tax Payments*.

**What if You Make Your Estimated Payments Late?**

We will charge you a penalty if you are late or if you fail to make any required payments. See Arizona Form 221.

**Can You Make Estimated Payments Even if You Do Not Have To?**

If you do not have to make Arizona estimated income tax payments, you may still choose to make them. For details, see Arizona Form 140ES.

**Line-by-Line Instructions**

**Tips for Preparing Your Return**


**DO YOU HAVE A COMPLICATED RETURN?**

**e-file makes filing a complex return simple!**

For a list of approved software visit [www.azdor.gov](http://www.azdor.gov)

e-file software offers:

- easy step-by-step instructions
- error detection before filing
- Easy form selection
- Maximum deductions



- Make sure that you enter your Social Security Number (SSN) on your return.
- Complete your return using black ink.
- You **must** round dollar amounts to the nearest whole dollar. If 50 cents or more, round up to the next dollar. If less than 50 cents, round down. Do not enter cents.
- When asked to provide your own schedule, include a separate sheet with your name and SSN at the top. Include your own schedules with your return. Include these schedules behind your return and behind your Schedule A, if itemizing.
- You must complete your federal return before you can start your Arizona return.
- Make sure you include your daytime telephone number.
- If filing a fiscal year return, fill in the period covered in the space provided at the top of the form.

## Entering Your Name, Address, and SSN

### Lines 1, 2, and 3 -

**NOTE:** Make sure that you write your SSN on the appropriate line and your SSN is correct. If you are filing a joint return, also make sure you enter your SSNs in the same order every year.

Print or type your name, address, and SSN in the space provided. If you are filing a joint return, enter your SSNs in the same order as your names. *If your name appears first on the return, make sure your SSN is the first number listed.*

If you are married filing separately, enter your name and SSN on the first line 1. Then enter your spouse's name and SSN on the second line 1.

If you are a nonresident of the United States or a resident alien who does not have an SSN, use the individual taxpayer identification number (ITIN) the IRS issued to you.

Make sure that you enter your SSN on your return. Make sure that all SSNs are clear and correct. You may be subject to a penalty if you fail to include your SSN. It will take longer to process your return if SSNs are missing, incorrect, or unclear.

Use your current home address. The department will mail your refund to, or correspond with, you at that address.

For a deceased taxpayer, see page 2 of these instructions.

### Foreign Addresses

If you have a foreign address, enter the information in the following order: city, province or state, and country. Follow the country's practice for entering the postal code. Do not abbreviate the country name.

### Last Names Used in Last 4 Prior Years

If the last name that you or your spouse are using on this return is not the same as the last name you or your spouse used on returns filed for the last 4 years, enter any other last name(s) that you or your spouse used when filing your return during the last 4 years.

### Identification Numbers for Paid Preparers

If you pay someone else to prepare your return, that person must also include an identification number where requested.

A paid preparer may use any of the following:

- his or her PTIN,
- his or her SSN, or
- the EIN for the business.

A paid preparer who fails to include the proper identification number may also be subject to a penalty.

## Determining Your Filing Status

The filing status that you use on your Arizona return may be different from that used on your federal return.

Use this section to determine your filing status. Check the correct box (4 through 7) on the front of Form 140.

If you qualify as married for federal purposes, you qualify as married for Arizona purposes and must file using the status of either married filing joint or married filing separate.

If you are single you must file as single or if qualified you may file as head of household (see the instructions for box 5).

### Box 4 - Married Filing Joint Return

If you are married and filing a joint return, check box 4.

You may file a joint return if you were married as of December 31, 2016. It does not matter whether or not you were living with your spouse. You may file a joint return, even if you and your spouse filed separate federal returns.

You may file a joint return if your spouse died during 2016 and you did not remarry in 2016. See page 2 of these instructions for details.

Arizona Form 140 is for full year residents **only**. You may not file a joint income tax return on Form 140 if any of the following apply:

- Your spouse is a nonresident alien (citizen of and living in another country).
- Your spouse is a resident of another state.
- Your spouse is a part-year Arizona resident.

If filing a joint return with your nonresident spouse, you must file a joint return using Arizona Form 140NR. See Form 140NR instructions.

If filing a joint return with your part-year resident spouse, you must file a joint return using Arizona Form 140PY. See Form 140PY instructions.

**NOTE:** For more information on filing a joint tax return with your part-year resident or nonresident spouse, see the department's ruling, ITR 14-1, Filing a Joint Tax Return When a Resident Spouse is Married to a Part-Year Resident or Nonresident.

### Box 5 - Head of Household Return

If you are filing as a head of household, check box 5 and enter the name of the qualifying child or dependent in the space provided.

You may file as head of household on your Arizona return, only if one of the following applies:

- You qualify to file as head of household on your federal return.
- You qualify to file as a qualifying widow or widower on your federal return.

### Box 6 - Married Filing Separate Return

If you are filing a separate return, check box 6 and enter your spouse's name and SSN on the second line 1.

If you were married as of December 31, 2016, you may choose to file a separate return. You may file a separate return, even if you and your spouse filed a joint federal return.

Arizona is a community property state. If you file a separate return, you must figure how much income to report using community property laws. Under these laws, a separate return must reflect one-half of the community income from all sources plus any separate income.

When you file separate returns, you must account for community deductions and credits on the same basis as

community income. Both you and your spouse must either itemize or not itemize. If one of you itemizes, you both must itemize. If one of you takes a standard deduction, you both must take a standard deduction. One of you may not claim a standard deduction while the other itemizes.

If you and your spouse support a dependent child from community income, either you or your spouse may claim the dependent. Both of you cannot claim the same dependent on both returns. For more information, see the department's rulings, ITR 93-18, *Income Reporting Requirements for Married Arizona Residents Who File Separate Arizona Individual Income Tax Returns*; and ITR 93-19, *Deductions, Exemptions, and Credits for Married Taxpayers Who File Separate Arizona Individual Income Tax Returns*.

**NOTE:** *In some cases you may treat community income as separate income. For more information, see the department's ruling, ITR 93-22, When Community Income May Be Treated as Separate Income.*

If one spouse is a resident and the other spouse is not, other special rules may apply when filing a separate return. See the department's ruling, 93-20, *Income Reporting Requirements of Resident and Nonresident Spouses Who File Separate Arizona Individual Income Tax Returns*. For more help, see the department's publication, Pub. 200, *Income Tax Issues Affecting Married and Divorced Taxpayers*.

### Box 7 - Single Return

If you are filing as single, check box 7.

Use this filing status if you were single on December 31, 2016. You are single if any of the following apply to you:

- You have never been married.
- You are legally separated under a decree of divorce or of separate maintenance.
- You were widowed before January 1, 2016, and you did not remarry in 2016, and you do not qualify to file as a qualifying widow or widower with dependent children on your federal return.

**NOTE:** *If you got divorced during the year, see the department's ruling, ITR 14-2-, Reporting Income, Deductions, Exemptions, and Withholding for Divorced Individuals for the Year of Divorce ; and publication, Pub. 200, Income Tax Issues Affecting Married and Divorced Taxpayers.*

### Exemptions

Enter the number of exemptions you are claiming in boxes 8, 9, 10, and 11. **Do not put a check mark.** You may lose the exemption if you put a checkmark in these boxes. You may lose the dependent exemption if you do not complete the Dependent section, on page 1.

You may lose the exemption for qualifying parents or grandparents if you do not complete the Qualifying parents and grandparents section, on page 1.

### Box 8 - Age 65 or Over

- If you are single or filing as head of household, enter "1" in box 8 if you were 65 or older in 2016 and not claimed as a dependent by another taxpayer.
- If you are married filing a joint return, enter "1" in box 8 if you were 65 or older and not claimed as a dependent by another taxpayer or your spouse was 65 or older in 2016 and not claimed as a dependent by another taxpayer. Enter "2" in box 8 if both you and your spouse were 65 or older in 2016 and neither of you are claimed as a dependent by another taxpayer.
- If you are married and filing a separate return, enter "1" in box 8 if you were 65 or older and not claimed by another taxpayer. You cannot take an exemption for your spouse. Your spouse, if 65 or older and not claimed by another taxpayer, may take this exemption on his/her own separate return.

### Box 9 - Blind

If you or your spouse were partially blind as of December 31, 2016, you must get a statement certified by your eye doctor or registered optometrist that:

- You cannot see better than 20/200 in your better eye with glasses or contact lenses.
- Your field of vision is 20 degrees or less.

If your eye condition is not likely to improve beyond the conditions listed above, you can get a statement certified by your eye doctor or registered optometrist to that effect instead. You must keep the statement for your records.

- If you are single or filing as head of household, enter "1" in box 9 if you are totally or partially blind.
- If you are married filing a joint return, enter "1" in box 9 if you **or** your spouse is totally or partially blind. Enter "2" in box 9 if both you **and** your spouse are totally or partially blind.
- If you are married and filing a separate return, you may take an exemption for yourself if you are totally or partially blind. You may only claim an exemption for your spouse if (1) your spouse is totally or partially blind, (2) has no Arizona adjusted gross income for calendar year, and (3) is not the dependent of another taxpayer.

Enter "1" in box 9 if you are totally or partially blind **or** your spouse is totally or partially blind **and** your spouse meets the above criteria. Enter "2" in box 9 if you are totally or partially blind and your spouse is totally or partially blind **and** your spouse meets the above criteria.

### Box 10 - Dependents

**NOTE:** *If a person who qualifies as your dependent is also a qualifying parent or grandparent, you may claim that person as a dependent in box 10, **or** you may claim that person as a qualifying parent or grandparent in box 11. You may **not** claim that same person in both box 10 and box 11.*

You must complete the Dependent section on page 1 (and page 3, if more space is needed) of your return before you can

total your dependent exemptions. You may claim only the following as a dependent:

- A person that qualifies as your dependent on your federal return.

**NOTE:** *If you do not claim a dependent exemption for a student on your federal return in order to allow the student to claim a federal education credit on the student's federal return, you may still claim the exemption on your Arizona return. For more information, see the department's ruling, ITR 05-2, Will Arizona Allow a Dependent Exemption When a Taxpayer Does Not Claim Federal Exemption in Order to Claim the Education Credit?*

- A person who is age 65 or over (related to you or not) that does not qualify as your dependent on your federal return, but one of the following applies:
  1. In 2016, you paid more than one-fourth of the cost of keeping this person in an Arizona nursing care institution, an Arizona residential care institution, or an Arizona assisted living facility. Your cost must be more than \$800.
  2. In 2016, you paid more than \$800 for either Arizona home health care or other medical costs for the person.
- A stillborn child if the following apply:
  1. The stillbirth occurred during 2016.
  2. You received a certificate of birth resulting in stillbirth from the Arizona Department of Health Services.
  3. The child would have otherwise been a member of your household.

### Box 11 - Qualifying Parents and Grandparents

**NOTE:** *If a person who is a qualifying parent or grandparent also qualifies as your dependent, you may claim that person as a dependent in box 10, or you may claim that person as a qualifying parent or grandparent in box 11. You may **not** claim the same person in both box 10 and box 11.*

You must complete the Qualifying parents and grandparents section on page 1 (and page 3, if more space is needed) before you can total your exemptions for qualifying parents and grandparents.

A qualifying parent or grandparent may be any one of the following:

- Your parent, grandparent or great grandparent, etc.
- If married filing a joint return, your spouse's parent, grandparent, or great grandparent, etc.

You may claim this exemption if **all** of the following apply:

1. The parent, grandparent or great-grandparent was 65 years old or older during 2016.
2. The parent or grandparent lived in your principal residence for the entire taxable year.

If your parent or grandparent died during the taxable year, this requirement will still be met if he or she lived with you for the entire part of the year in which he or she was alive. Temporary absences by the parent or grandparent for special circumstances, such as a hospital stay or care in a hospice facility, count as time lived in the taxpayer's principle residence.

3. You paid more than one-half of the support and maintenance costs of the parent or grandparent during the taxable year.

To help you determine if you paid more than one-half of your parent or grandparent's support during the taxable year, it is recommended that you review the department's income tax procedure, ITP 14-1, *Procedure for Determining Support for Purposes of the Parents and Grandparents Exemption Allowed under A.R.S. § 43-1023(C)* and complete the worksheet. Keep the worksheet for your records.

4. The parent or grandparent required assistance with activities of daily living.

The term "activities of daily living" means two or more of the listed categories. Activities of daily living include both basic activities of daily living and instrumental activities of daily living. The categories of activities of daily living are dressing, eating, ambulating, toileting, medicating and hygiene, shopping, housekeeping, managing personal finances, basic communication, food-preparation and transportation.

For more information regarding what the term "activities of daily living" means when determining an Arizona resident taxpayer's eligibility for this exemption, see the department's ruling, ITR 14-3, *"Activities of Daily Living" for the Purpose of the Exemption Allowed Under A.R.S. § 43-1023(C)*.

To help you determine if your parent or grandparent required assistance with activities of daily living to meet this requirement, it is recommended that you review the department's procedure, ITP 14-2, *Procedure for Determining Whether a Parent or Grandparent Requires Assistance with Activities of Daily Living for Purposes of the Exemption Allowed under A.R.S. § 43-1023(C)* and complete the checklist. Keep the checklist for your records.

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## Dependents

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### Completing the Dependent Section

If you need additional lines to list all of your dependents, including qualifying parents and grandparents, **complete page 3, Dependent Information – Continuation Sheet**, and include this page with your return. **Be sure to check the box on page 1 indicating you are completing page 3.**

Do **not** include page 3 with your return if you do not use it.

## Dependent information: children and other dependents

Enter the following in columns (a) through (f):

- The dependent's name. If you are claiming an exemption for a stillborn child and the child was not named, enter "stillborn child" in place of a name.
- The dependent's SSN. If you are claiming an exemption for a stillborn child, enter the certificate number from the certificate of birth resulting in stillbirth.
- The dependent's relationship to you.
- The number of months the dependent lived in your home during 2016. If you are claiming an exemption for a stillborn child, enter the date of birth resulting in the stillbirth.

**Temporary absences:** Your child or dependent is considered to have lived with you during periods of time when temporarily absent due to special circumstances such as: illness; education; business; or vacation. Your child is also considered to have lived with you during any required hospital stay following birth, as long as the child would have lived with you during that time but for the hospitalization.

- Check the box if this person did not qualify as a dependent on your federal return.
- Check the box if you did not claim this person (student) as an dependent on your federal return in order to allow that student to claim a federal education credit on the student's federal return.

You may lose the exemption if you do not furnish this information. Enter the total **number** of dependents listed in box 10.

## Qualifying parents and grandparents

Enter the following in columns (a) through (f):

- The name of the qualifying parent or grandparent.
- The SSN of the qualifying parent or grandparent.
- The qualifying parent's or grandparent's relationship to you, or your spouse if filing a joint return.
- The number of months the qualifying parent or grandparent lived in your home during 2016.

**Temporary absences:** Temporary absences by the parent or grandparent for special circumstances, such as a hospital stay or care in a hospice facility, count as time lived in the taxpayer's principal residence.

- Check the box if this person is age 65 or older.
- Check the box if this person died in 2016.

You may lose the exemption if you do not furnish this information. Enter the total **number** of qualifying parents and/or grandparents listed in box 11.

## Totaling Your Income

### Line 12 - Federal Adjusted Gross Income

You must complete your federal return before you enter an amount on line 12. You must complete a 2016 federal return

to determine your federal adjusted gross income, even if you are not filing a federal return.

Arizona uses federal adjusted gross income as a starting point to determine Arizona taxable income. Your federal adjusted gross income is your Arizona gross income.

**NOTE:** *Be sure to use your federal adjusted gross income and not your federal taxable income.*

If the amount on line 12 is more than \$75,000 (\$150,000 if filing a joint return), you may need to make estimated payments. See "Do You Need to Make Estimated Payments in 2017?" on page 4.

## Additions to Income

### Line 13 - Non-Arizona Municipal Interest

Enter the amount of interest income from non-Arizona municipal bonds that you did not include as income on your federal return.

You may exclude any expenses incurred to purchase or carry the obligation. Reduce the interest income by the amount of those expenses that you could not deduct on your federal return.

If you received tax exempt interest from municipal bonds, include a schedule listing the payors and the amount received from each payor. You may also want to include supporting documents for amounts received from Arizona municipal bonds that are exempt from Arizona income tax. These may be items such as bank statements, brokerage statements, etc.

### Line 14 - Partnership Income Adjustment (Positive)

Complete line 14 if line 3, of your Arizona Form 165 Schedule K-1, shows a difference between federal and state distributable income.

If the difference reported on line 3, of your Form 165 Schedule K-1, is a positive number, enter that difference as an addition on line 14.

**NOTE:** *If the difference reported on line 3, of your Form 165 Schedule K-1, is a negative number, enter that difference on line 25.*

### Line 15 - Total Federal Depreciation

Enter the total amount of depreciation deducted on your federal return. If you make an entry here, you should also take a subtraction on line 24. To figure how much you should subtract, see the instructions for line 24.

### Line 16 - Other Additions to Income

Use line 16 if any of the special circumstances below apply. Include your own schedule with your return explaining any amounts entered here.

You may either add (on line 16) or subtract (on line 35) items A and B below, depending on your situation.

#### A. Married Persons Filing Separate Returns

If you file a separate Arizona return, you must report the following income on that return:

- one-half of the community income from all sources, and
- all of your separate income.

If you and your spouse file a joint federal return but separate Arizona returns, you must make sure that each separate return reflects the correct income. If you begin your Arizona return with only the income that you earned during the year, you will have to adjust this income.

If you file separate federal returns, each of your federal returns should already reflect the correct income. Since your separate Arizona returns will begin with the federal adjusted gross income, you will not have to adjust your income.

If you have to adjust your income, include a schedule showing how you figured your adjustment. For more information, see the department's publication, Pub. 200, *Income Tax Issues Affecting Married and Divorced Taxpayers*.

### **B. Fiduciary Adjustment**

A fiduciary uses Arizona Form 141AZ, Schedule K-1, to report to you your share of the fiduciary adjustment from the trust or estate.

Line 3 of Form 141AZ, Schedule K-1, shows your share of the fiduciary adjustment from the estate or trust. If the amount reported on line 3 of your Form 141AZ, Schedule K-1, is a positive number, enter that amount as an addition on line 16.

**NOTE:** *If the amount reported on line 3 of your Form 141AZ, Schedule K-1, is a negative number, enter that amount as a subtraction on line 35.*

### **C. Ordinary Income Portion of Lump-Sum Distributions Excluded on Your Federal Return**

Make this adjustment if you use federal averaging for lump-sum distributions from your pension or profit-sharing plan.

Arizona law does not provide for averaging. Enter the amount of the distribution that you treated as ordinary income on your federal return. If you choose to treat the capital gain portion of the distribution as ordinary income, you must also include that amount.

For more information, see the department's ruling, ITR 93-5, *Arizona's Income Tax Treatment of the Capital Gain Portion of a Lump Sum Distribution from a Qualified Retirement Plan*.

### **D. Items Previously Deducted for Arizona Purposes**

Arizona statutes prohibit a taxpayer from deducting items more than once. If your Arizona taxable income includes items previously deducted for Arizona purposes, you must add such amounts to your Arizona gross income.

### **E. Claim of Right Adjustment for Amounts Repaid in 2016**

You must make an entry here if **all** of the following apply:

1. During 2016, you were required to repay amounts held under a claim of right.
2. The amount required to be repaid during 2016 was more than \$3,000.
3. You took a deduction for the amount repaid on your 2016 federal income tax return.

If the above apply, enter the amount deducted on your federal income tax return here. For more information on the Arizona claim of right provisions, see the department's procedure, ITP

16-1, *Procedure for Individuals Who Restore Substantial Amounts Held Under a Claim of Right*.

### **F. Claim of Right Adjustment for Amounts Repaid in Prior Taxable Years**

You must make an entry here if **all** of the following apply:

1. During a year prior to 2016 you were required to repay amounts held under a claim of right.
2. You computed your tax for that prior year under Arizona's claim of right provisions.
3. A net operating loss or capital loss was established due to the repayment made in the prior year.
4. You are entitled to take that net operating loss or capital loss carryover into account when computing your 2016 Arizona taxable income.
5. The amount of the loss carryover included in your federal income is more than the amount allowed to be taken into account for Arizona purposes.

Enter the amount by which the loss carryover included in your federal adjusted gross income is more than the amount allowed for the taxable year under Arizona law.

### **G. Addition to S Corporation Income Due to Credits Claimed**

Shareholders of an S corporation who claim a credit passed through from an S corporation must make an addition to income for the amount of expenses disallowed by reason of claiming the credit.

An S corporation that passes the following credits through to its shareholders must notify each shareholder of his or her *pro rata* share of the adjustment. You must enter an amount on this line when claiming any of the following Arizona credits:

- Environmental Technology Facility Credit (Form 305)
- Agricultural Water Conservation System Credit (Form 312)
- Pollution Control Credit (Form 315)
- Credit for Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlets (Form 319)
- Credit for Employment of TANF Recipients (Form 320)
- Agricultural Pollution Control Equipment Credit (Form 325)

### **H. Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlet Expenses**

If you claim a credit on Form 319 for installing solar hot water heater plumbing stub outs or electric vehicle recharge outlets in a dwelling you constructed, you cannot deduct any expenses for which you claim the credit.

If you take this credit, enter the amount of such expenses that you deducted on your federal return.

### **I. Wage Expense for Employers of TANF Recipients**

If you claim a credit on Form 320 for employing TANF recipients, you cannot deduct any wage expense for which you claim the credit.

If you take this credit, enter the amount of such expenses that you deducted on your federal return.

### J. Adjusted Basis in Property for Which You Have Claimed a Credit for Investment in Qualified Small Businesses

If you claim a credit on Form 338 for an investment in a qualified small business, you must adjust your basis in the investment by the amount of the credit claimed. You must report this difference in basis on the Arizona return that you file for the taxable year in which you sell or otherwise dispose of the investment. If you sold or otherwise disposed of the investment during the 2016 taxable year, on line 16, enter the amount by which the adjusted basis computed under the IRC with respect to that property exceeds the adjusted basis of the property computed under A.R.S. § 43-1074.02.

### K. Nonqualified Withdrawals from 529 College Savings Plans

You must make an addition to income if **both** of the following apply to you:

- You received a nonqualified withdrawal from a 529 college savings plan.
- You did not include the amount of the withdrawal in your federal adjusted gross income.

The amount that you must add is the amount withdrawn, but no more than the difference between the amount of contributions subtracted in prior years and the amount added in any prior years.

A nonqualified withdrawal is a withdrawal other than any of the following:

- A qualified withdrawal. A qualified withdrawal is a withdrawal from an account to pay the qualified higher education expenses of the designated beneficiary of the account.
- A withdrawal made as the result of the death or disability of the designated beneficiary of an account.
- A withdrawal that is made on the account of a scholarship, or the allowance or payment described in IRC § 135(d)(1)(B) or (C), and that is received by the designated beneficiary, but only to the extent of the amount of this scholarship, allowance or payment.
- A rollover or change of designated beneficiary.

### L. Original Issue Discount (OID) on Reacquisition of Debt Instrument

For federal purposes, when a taxpayer made the special election to defer discharge of indebtedness (DOI) income under IRC § 108(i) (for 2009 or 2010), the taxpayer was not allowed to take a deduction with respect to the portion of any OID that accrued with respect to that DOI income during the income deferral period. In this case, the taxpayer had to deduct the aggregate amount of the OID deductions disallowed ratably over a 5 year period, beginning with the period in which the income was includible in federal adjusted gross income. Arizona did not adopt the federal provisions requiring a taxpayer to defer the OID deduction in cases where the taxpayer federally deferred the DOI income. For Arizona purposes, you had to report the DOI income from a debt reacquisition in the year in which you

reacquired the debt, and you were allowed to subtract any OID related to that DOI income in the year the OID accrued. If your federal adjusted gross income includes a deduction for any accrued OID that you have already subtracted for Arizona purposes, you must make an addition to Arizona income for the amount of deferred OID deducted on your federal return. Generally, this addition will apply to taxable years 2014 through 2018.

On line 16, enter the amount of any previously deferred OID that you deducted in computing your 2016 federal adjusted gross income, to the extent that the amount was previously subtracted from Arizona gross income.

### M. Arizona Long-Term Health Care Savings Accounts (AZLTHSA) Withdrawals

YOU must add amounts withdrawn from your AZLTHSA if you withdrew money for purposes other than paying for qualified long-term health care expenses.

### N. Sole Proprietorship Loss of an Arizona Nonprofit Medical Marijuana Dispensary included in Federal Adjusted Gross Income

If you are registered as an Arizona sole proprietorship with the Arizona Department of Health Services to operate in this state as a nonprofit medical marijuana dispensary, you are required to add the amount of the loss from the dispensary that is included in the computation of your federal adjusted gross income. Include the amount of the loss on line 16.

**NOTE:** *If the Arizona nonprofit medical marijuana dispensary is registered with the Arizona Department of Health Services as anything other than a sole proprietorship, this addition does not apply.*

### O. Federal Net Operating Loss (NOL) Carryforward from Non-Arizona Sources Accrued While a Non-Resident

An individual cannot include a federal NOL carryforward deduction incurred from non-Arizona sources while the taxpayer was an Arizona nonresident in the Arizona taxable income of a return filed for a taxable year in which the taxpayer is an Arizona resident.

The taxpayer must make an addition to Arizona gross income on the full-year Arizona resident return for the amount of the NOL carryforward deduction included in the taxpayer's federal adjusted gross income. For more information, see the department's ruling, ITR 13-5, *Can A Net Operating Loss Incurred as a Non-Resident Be Used to Offset Income In A Year In Which the Taxpayer Is A Resident?*

**NOTE:** *For a non-Arizona source loss incurred while the taxpayer was an Arizona nonresident, the taxpayer would not be allowed to amend a prior year resident Arizona income tax return to claim the NOL carry back deduction.*

### P. Federal Capital Loss Carryforward Deduction Incurred from Non-Arizona sources prior to Arizona Residency

An individual cannot include a capital loss carryforward deduction, incurred from non-Arizona sources while the taxpayer was an Arizona nonresident, in the Arizona taxable income of a return filed for a taxable year in which the



taxpayer is an Arizona resident. Therefore, a capital loss incurred from non-Arizona sources while the taxpayer was an Arizona nonresident cannot be carried forward to a taxpayer's Arizona resident return when the loss carryover is reflected in the taxpayer's federal adjusted gross income.

The taxpayer must make an addition to Arizona gross income on the full-year Arizona resident return for the amount of such capital loss carryforward deduction included in the computation of the taxpayer's federal adjusted gross income.

For more information, see the department's ruling, ITR 13-6, *Can A Capital Loss Incurred as a Non-Resident Be Used to Offset Income In A Year In Which the Taxpayer Is A Resident?*

#### Q. Other Adjustments

Other special adjustments may be necessary. You may need to make an addition for depreciation or amortization. You may also need to make an addition if you claimed certain tax credits.

Call one of the numbers listed on page 1 of these instructions if any of the following apply:

- You sold or disposed of non-depreciable property that was held for the production of income and your basis was computed under the Arizona Income Tax Act of 1954, as amended (1978 prior).
- You claimed the Environmental Technology Facility Credit. (Form 305)
- You claimed the Pollution Control Credit. (Form 315)
- You claimed the Recycling Equipment Credit. (Form 307)
- You claimed the Agricultural Pollution Control Equipment Credit. (Form 325)
- You elected to amortize the cost of a child care facility under Arizona law in effect before 1990 and you are still deducting amortization or depreciation for that facility on your federal income tax return.

#### Line 17 - Subtotal

Add lines 12 through 16 and enter the total.

#### Subtractions from Income

You may only subtract those items for which statutory authority exists. You cannot take a subtraction without such authority.

You may not subtract any amount that is allocable to income excluded from your Arizona taxable income.

If you have any questions concerning subtractions from income, call one of the numbers listed on page 1 of these instructions.

#### Lines 18 through 22 - Net Capital Gain or (Loss)

**NOTE:** *If you enter an amount on line 18, you must complete lines 19 and 20. If you are taking a subtraction on line 22 for any net long-term capital gain from assets acquired after December 31, 2011, you must also complete line 21. If you do not complete lines 18 through 21, you cannot take the subtraction.*

You may subtract 25% (.25) of any net long-term capital gain included in your federal adjusted gross income that is derived from an investment in an asset acquired after December 31, 2011. Use the worksheet on page 29 of these instructions, *Worksheet for Net Long-Term Capital Gain Subtraction for Assets Acquired after December 31, 2011*, to determine the allowable subtraction. Keep the worksheet for your records.

#### Line 18 - Total Net Capital Gain or (Loss)

If you reported a net capital gain or (loss) on your federal income tax return, enter the total net capital gain or (loss) reported on the *Capital Gain or (Loss)* line on page 1 of your federal return. This amount should be reported in your federal adjusted gross income.

#### Line 19 - Total Net Short-Term Capital Gain or (Loss)

Enter the total amount of net short-term capital gain or (loss) reported on the *Capital Gain or (Loss)* line on page 1 of your federal return. This amount should be reported in your federal adjusted gross income.

**NOTE:** *If you are not required to report dividend distributions and/or short-term capital gains from mutual funds on federal Form Schedule D, do not include the short-term capital gain distributed by the mutual fund on line 19.*

#### Line 20 - Total Net Long-Term Capital Gain or (Loss)

Enter the amount from the worksheet, line 14, column (a).

#### Line 21 - Net Long-Term Capital Gain from Assets Acquired After December 31, 2011

Enter the amount from the worksheet, line 14, column (c).

Only include net long-term capital gains on this line if it can be verified that the asset was acquired after December 31, 2011. For purposes of this line, an asset acquired by gift or inheritance is considered acquired on the date it was acquired by the gift-giver or the deceased individual.

#### Line 22 - Net Long-Term Capital Gain Subtraction From Income for Assets Acquired After December 31, 2011.

Multiply the amount on line 21 by 25% and enter the result.

#### Line 23 - Net Capital Gain from Investment in a Qualified Small Business

You may subtract the amount of any net capital gain included in federal adjusted gross income for the taxable year derived from investment in a qualified small business as determined by the Arizona Commerce Authority (ACA) pursuant to A.R.S. § 41-1518.

To qualify for this subtraction, your investment in the qualified small business must have been made *after* the ACA certified the company as a qualified small business and *before* the company's certification expiration date. An investment made prior to certification or after the expiration of certification does not qualify for this subtraction. See the ACA's website, *Small Business Incentives: Angel Investment*, for a list of certified businesses and their certification dates. On line 23, enter the amount of the allowable subtraction.

**CAUTION:** *If the amount entered on line 23 includes any long-term capital gain from an investment made after December 31, 2011, you cannot include that portion of the net capital gain in your computation of the allowable subtraction for any net long-term capital gain of assets acquired after December 31, 2011, and included in federal adjusted gross income. For more information, see the instructions on page 30 for the amount to enter on line 13, column (c), of the net long-term capital gain worksheet.*

#### Line 24 - Recalculated Arizona Depreciation

**NOTE:** *For more information and examples of how to calculate Arizona bonus depreciation, see the department's Income Tax Procedure, ITP 16-2, Procedure for Individuals who Claim Federal and/or Arizona Bonus Depreciation.*

**For assets placed in service in taxable years beginning before December 31, 2012,** enter the total amount of depreciation allowable pursuant to IRC § 167(a) for the taxable year calculated as if you had elected not to claim bonus depreciation for eligible properties for federal purposes.

**For assets placed in service during taxable years beginning from and after December 31, 2012 through December 31, 2013,** the amount of the subtraction for these assets depends on the method used to compute the depreciation for these assets.

**For assets placed in service in taxable years beginning from and after December 31, 2013 through December 31, 2015,** enter the total amount of depreciation allowable pursuant to IRC § 167(a) for the taxable year calculated as if the bonus depreciation is 10% of the amount of federal bonus depreciation pursuant to IRC § 168(k).

**For assets placed in service in taxable years beginning from and after December 31, 2015 through December 31, 2016,** enter the total amount of depreciation allowable pursuant to IRC § 167(a) for the taxable year calculated as if the bonus depreciation is 55% of the amount of federal bonus depreciation pursuant to IRC § 168(k).

#### Line 25 – Partnership Income Adjustment (Negative)

Use this adjustment if line 3, of your Arizona Form 165 Schedule K-1, shows a difference between federal and state distributable income.

If the difference reported on line 3, of your Arizona Form 165 Schedule K-1, is a negative number, enter that difference on line 25. **Do not include a minus sign or use parenthesis.**

**NOTE:** *If the difference reported on line 3, of your Arizona Form 165 Schedule K-1, is a positive number, enter that difference as an addition on line 14.*

#### Line 26 - Adjustment for IRC § 179 Expense not Allowed in Prior Years

If you made an addition for IRC § 179 expense on your 2012 return, enter 20% of the amount added for 2012.

#### Line 27 - Interest on U.S. Obligations

Enter the amount of interest income from U.S. Government obligations included as income on your federal return. U.S. Government obligations include obligations such as savings bonds and treasury bills. You cannot deduct any interest or other related expenses incurred to purchase or carry the obligations. If such expenses are included in your Arizona gross income, you must reduce the subtraction by such expenses. If you are itemizing deductions on your Arizona return, you must exclude such expenses from the amount deducted.

**NOTE:** *Do not subtract interest earned on Fannie Mae (FNMA) or Ginnie Mae (GNMA) bonds since this interest is taxable by Arizona. For details, see the department's ruling, ITR 06-1, Obligations of the United States Government, Federal Agencies, and United States Territories.*

Do not subtract any amount received from a qualified pension plan that invests in U.S. Government obligations. Do not subtract any amount received from an IRA that invests in U.S. Government obligations. These amounts are not interest income. For details, see the department's rulings, ITR 96-2, *Pension Plan Distributions Derived from Investment in U.S. Government Obligations*; and ITR 96-3, *Distributions Comprised of Income Earned by the IRA*.

#### Line 28 - Exclusion for U.S. Government, Arizona State or Local Government Pensions

If you receive pension income from any of the sources listed below, subtract the amount you received or \$2,500, whichever is less. Include only the amount you reported as income on your federal return. If both you and your spouse receive such pension income, each spouse may subtract the amount received or \$2,500, whichever is less.

#### Public pensions from the following sources qualify for this subtraction:

- the United States Government Service Retirement and Disability Fund,
- the United States Foreign Service Retirement and Disability System,
- retired or retainer pay of the uniformed services of the United States,
- any other retirement system or plan established by federal law,

**NOTE:** *This applies only to those retirement plans authorized and enacted into the U.S. Code. This does not apply to a retirement plan that is only regulated by federal law (i.e., plans which must meet certain federal criteria to be qualified plans).*

- the Arizona State Retirement System,
- the Arizona State Retirement Plan,
- the Corrections Officer Retirement Plan,
- the Public Safety Personnel Retirement System,
- the Elected Officials' Retirement Plan,
- a retirement plan established for employees of a county, city, or town in Arizona, and

- an optional retirement program established by the Arizona Board of Regents under Arizona Revised Statutes, and an optional retirement program established by an Arizona community college district.

**NOTE:** *Public retirement pensions from states other than Arizona do not qualify for this subtraction.*

### Line 29 - Arizona State Lottery Winnings

You may subtract up to \$5,000 of winnings received in 2016 for Arizona lottery prizes.

If you subtract Arizona lottery winnings here, you may have to adjust the amount of gambling losses claimed as an itemized deduction. See instructions for Arizona Form 140, Schedule A, *Itemized Deduction Adjustments*.

### Line 30 - U.S. Social Security Benefits or Railroad Retirement Benefits

Arizona does not tax the following:

- social security benefits received under Title II of the Social Security Act, or
- railroad retirement benefits received from the Railroad Retirement Board under the Railroad Retirement Act, tier 1 or tier 2 railroad retirement benefits, railroad disability benefits reported on federal forms RRB-1099 and RRB-1099-R, railroad unemployment benefits and railroad sickness payments paid by the Railroad Retirement Board.

For more information, see the department's ruling, ITR 16-1, *Railroad Retirement Benefits, Railroad Disability Benefits, Railroad Unemployment Benefits and Railroad Sickness Payments*.

If you included such social security or railroad retirement benefits as income on your federal return, use line 30 to subtract this income.

**NOTE:** *Enter only the taxable amount (the amount that was subject to federal income tax). Do not include any amount that was not subject to federal income tax.*

### Line 31 - Certain Wages of American Indians

Enrolled members of American Indian tribes may subtract wages earned while living and working on their tribe's reservation. The federal government must recognize these tribes. For more information, see the department's ruling, ITR 96-4, *Income Taxation of Indians and Spouses*.

### Line 32 - Pay Received for Active Service as a Member of the Reserves, National Guard or the U.S. Armed Forces

Members of the U.S. armed forces may subtract pay received for active duty military service. On line 32, enter the amount of that income included in your federal adjusted gross income.

Members of the reserves or the National Guard may subtract pay received for active service as a reservist or as a National Guard member. This includes pay received for weekend or two-week training periods. On line 32 enter the amount of that income included in your federal adjusted gross income.

### Military Technician (dual status)

You may **not** subtract any income you received for full-time civil service employment as a "military technician (dual status)". Compensation received by a "military technician (dual status)" for federal civil service employment for the National Guard or for the United States Reserves, is not income received for active service as a National Guard member for a Reserve member even though the employee may be required to wear a military uniform while at work.

For more information, see the department's ruling, ITR 12-2, *Compensation Received by a National Guard member or a member of the United States Reserves*.

**NOTE:** *You may not subtract pay received for active duty service as a member of the U.S. Public Health Service or NOAA. For more information, see the department's ruling, ITR 10-1, Does the subtraction, for armed forces personnel, under A.R.S. § 43-1022 apply to Arizona residents who are active duty service members of the commissioned corps of the United States Public Health Service or the National Oceanic and Atmospheric Administration?*

### Line 33 - Net Operating Loss Adjustment

Arizona did not adopt the special federal net operating loss rules for losses incurred during 2008 or 2009. For Arizona purposes, you must deduct a net operating loss as if the loss was computed under IRC § 172 in effect prior to the enactment of those special rules. If you made an election to deduct your 2008 or 2009 federal net operating loss under IRC § 172(b)(1)(H), you may have to enter an amount here. Figure how much of the net operating loss carry forward would have been allowed as a deduction on your 2016 federal income tax return, if the election described in IRC § 172(b)(1)(H) had not been made in the year of the loss. On line 33, enter the amount that exceeds the actual net operating loss carry forward that was deducted in arriving at federal adjusted gross income.

**NOTE:** *This subtraction applies to only those individuals who made an election under the special federal net operating loss rules for 2008 and 2009. Under the special rules for 2008 and 2009, you could have elected to carry the net operating loss back for 3, 4 or 5 years, instead of the normal 2 years. This election would have been allowed under IRC § 172(b)(1)(H) as amended by the American Recovery and Reinvestment Act of 2009 or the Worker, Homeownership, and Business Assistance Act of 2009.*

### Line 34 - Contributions to 529 College Savings Plans

You may subtract amounts you contributed to 529 college savings plans during the taxable year. You may subtract the amount you contributed during the year up to a total of \$2,000 (\$4,000 for a married couple filing a joint return.) If you are married filing separate returns, either you or your spouse may take the subtraction, or you may divide it between you, but the total subtraction taken by both of you cannot be more than \$4,000.

If you contribute more than \$2,000 (\$4,000 if married) during the year, your total subtraction is still limited to \$2,000 (\$4,000 if married.)

**For example:** Jorge and Kate are married and have two children. During 2016, Jorge and Kate contributed \$2,500 to a 529 plan for Child 1 and \$2,500 to a 529 plan for Child 2. Even though Jorge and Kate contributed a total of \$5,000 during 2016, they may subtract only \$4,000 on their 2016 return.

You may take a subtraction for a contribution that you made during 2016 to a plan that existed before 2016. You may take a subtraction for a contribution that you made during 2016 to a plan established in another state. You may take a subtraction for a contribution that you made in 2016 to any 529 college savings plan. This could be a plan established for a child, grandchild, niece, nephew, or any other person for whom a plan has been established.

You cannot take a subtraction for an amount transferred from one college savings plan to a different college savings plan (a rollover).

### Line 35 - Other Subtractions from Income

Use line 35 if any of the following special circumstances apply. Include your own schedule with your return explaining any amounts entered here. Include your schedule with the return.

#### A. Fiduciary Adjustment

A fiduciary uses Form 141AZ, Schedule K-1 to report to you your share of the fiduciary adjustment from the trust or estate.

Line 3 of Form 141AZ, Schedule K-1 shows your share of the fiduciary adjustment from the estate or trust. If the amount reported on line 3 of your Arizona Form 141AZ, Schedule K-1, is a negative number, enter that amount as a subtraction on line 35.

**NOTE:** *If the amount reported on line 3 of your Arizona Form 141AZ, Schedule K-1, is a positive number, enter that amount as an addition on line 16.*

#### B. Federally Taxable Arizona Municipal Interest as Evidenced by Bonds

Enter the amount of any interest income received on obligations of the State of Arizona, or any political subdivisions of Arizona, as evidenced by bonds, and is included in your Arizona gross income. Do not enter any Arizona municipal interest that is exempt from federal taxation and not included in your federal adjusted gross income. For more information, see the department's ruling, ITR 15-1, *Arizona Municipal Interest that is Included in Federal Adjusted Gross Income*.

#### C. Adoption Expenses

You may take this subtraction only in the year the final adoption order is granted. Enter the lesser of the total of the following adoption expenses or \$3,000. When figuring your subtraction, you may include expenses incurred in prior years.

The following expenses are qualified adoption expenses:

- unreimbursed medical and hospital costs,

- adoption counseling,
- legal and agency fees, and
- other nonrecurring costs of adoption.

If you are married and filing separately, you may take the entire subtraction or you may divide the subtraction with your spouse. However, the total subtraction taken by both you and your spouse cannot exceed \$3,000.

#### D. Qualified Wood Stove, Wood Fireplace, or Gas Fired Fireplace

Arizona law provides a subtraction for converting an existing fireplace to one of the following:

- a qualified wood stove,
- a qualified wood fireplace, or
- a gas fired fireplace and non-optional equipment directly related to its operation.

You may subtract up to \$500 of the costs incurred for converting an existing fireplace on your property located in Arizona. When you figure your subtraction, do not include taxes, interest, or other finance charges.

A qualified wood stove or a qualified wood fireplace is a residential wood heater that was manufactured on or after July 1, 1990, or sold at retail on or after July 1, 1992. The residential wood heater must also meet the U.S. Environmental Protection Agency's July 1990 particulate emissions standards.

A qualified gas fired fireplace is any device that burns natural or liquefied petroleum gas as its fuel through a burner system that is permanently installed in the fireplace. The conversion of an existing wood burning fireplace to noncombustible gas logs that are permanently installed in the fireplace also qualifies as a gas fired fireplace.

#### E. Claim of Right Adjustment for Amounts Repaid in Prior Taxable Years

You must make an entry here if **all** of the following apply:

- During a year prior to 2016 you were required to repay amounts held under a claim of right.
- You computed your tax for that prior year under Arizona's claim of right provisions.
- A net operating loss or capital loss was established due to the repayment made in the prior year.
- You are entitled to take that net operating loss or capital loss carryover into account when computing your 2016 Arizona taxable income.
- The amount of the loss carryover allowed to be taken into account for Arizona purposes is more than the amount included in your federal income.

Enter the amount by which the loss carryover allowed for the taxable year under Arizona law is more than the amount included in your federal adjusted gross income.

#### F. Certain Expenses Not Allowed for Federal Purposes

You may subtract some expenses that you cannot deduct on your federal return when you claim certain federal tax credits.

These federal tax credits include the following:

- the Federal Work Opportunity Credit
- the Empowerment Zone Employment Credit
- the credit for employer-paid social security taxes on employee cash tips
- the Indian Employment Credit.

If you received any of the above federal tax credits for 2016, enter the portion of wages or salaries you paid or incurred during the taxable year equal to the amount of those federal tax credits you received.

#### **G. Qualified State Tuition Program Distributions**

If you are a beneficiary of a qualified state tuition program, you may subtract some of the amount distributed from the program for qualified education expenses. Enter the amount of the distribution that you had to include in your federal adjusted gross income. A qualified state tuition program is a program that meets the requirements of IRC § 529.

#### **H. Subtraction for World War II Victims**

You may subtract distributions made to you for your persecution or the persecution of your ancestors by Nazi Germany or any other Axis regime for racial, religious or political reasons. If you are the first recipient of such distributions, enter the amount of the distributions that you had to include in your federal adjusted gross income.

You may also subtract items of income that are attributable to, derived from, or related to assets that were stolen or hidden from or lost to you if you were persecuted by Nazi Germany or any other Axis regime for racial, religious, or political reasons before, during or immediately after World War II. If you are the first recipient of such income, enter the amount of income that you had to include in your federal adjusted gross income.

#### **I. Installment Sale Income from Another State Taxed by the Other State in a Prior Taxable Year**

You may subtract income from an installment sale if **both** of the following apply:

- The income from the sale is subject to Arizona income tax in 2016.
- You paid income tax to another state on that income in a **prior** tax year.

Enter the amount of such income that you included in your Arizona gross income for 2016.

Do not enter any amount that is subject to tax by both Arizona and another state in 2016. In this case, you may be eligible for a tax credit. See Arizona Form 309 for details.

#### **J. Agricultural Crops Given to Arizona Charities**

Arizona law allows a subtraction for qualified crop gifts made during 2016 to one or more charitable organizations. To take this subtraction, **all** of the following must apply:

- You must be engaged in the business of farming or processing agricultural crops.
- The crop must be grown in Arizona.

- You made your gift to a charitable organization located in Arizona that is exempt from Arizona income tax.

The subtraction is the larger of the wholesale market price or the most recent sale price for the contributed crop. The amount of the subtraction cannot include any amount deducted pursuant to IRC § 170 with respect to crop contribution that exceeds the cost of producing the contributed crop. To determine if your crop gift qualifies for this subtraction, see the department's procedure, ITP 12-1, *Establishing an Income Tax Subtraction for Agricultural Crops Contributed to Charitable Organizations*.

#### **K. Basis Adjustment for Property Sold or Otherwise Disposed of During the Taxable Year**

With respect to property that is sold or otherwise disposed of during the taxable year by a taxpayer who has complied with the requirement to add back all depreciation with respect to that property on tax returns for all taxable years beginning from and after December 31, 1999, enter the amount of depreciation that has been allowed pursuant to IRC § 167(a) to the extent that the amount has not already reduced Arizona taxable income in the current or prior years. (Note: The practical effect of this is to allow a subtraction for the difference in basis for any asset for which bonus depreciation has been claimed on the federal return.)

#### **L. Previously Deferred Discharge of Indebtedness (DOI) Income Adjustment**

Generally, when a loan is settled for less than the amount owed, DOI income is realized by the debtor and usually must be included in the debtor's gross income. The amount of DOI income is generally equal to the amount of loan forgiveness. DOI income also occurs when a debtor repurchases his or her own debt at a discount (a price lower than the adjusted basis issue price of the debt instrument). In debt repurchase transactions, the amount of DOI income is generally equal to the difference between the adjusted issue price and the price paid for the debt instrument.

For federal purposes, a taxpayer may have made a special election for taxable years 2009 or 2010 to include DOI income in connection with the reacquisition of a business debt instrument, ratably over a 5 year period. A taxpayer that made this election will generally include this income in federal adjusted gross income beginning with the 2014 taxable year. A taxpayer would have made the federal election under IRC § 108(i) as added by the American Recovery and Reinvestment Act of 2009. Arizona did not adopt the special federal DOI income deferral provisions for the 2009 or 2010 taxable year. For Arizona purposes, if you made the federal election to defer the inclusion of DOI income under IRC § 108(i), you were required to add the amount of deferred DOI income to Arizona income for the year for which you made the election.

If you made the required addition to Arizona income on the Arizona return filed for the year in which you reacquired the debt instrument (2009 or 2010), Arizona will not tax that DOI income twice. In the year in which you include that deferred DOI income in your federal adjusted gross income, you may take a subtraction for the amount included for that year.

Usually this subtraction will apply to taxable years 2014 through 2018. On line 35, enter the amount of previously deferred DOI income that you included in your federal adjusted gross income for the current taxable year to the extent that the amount was previously added to your Arizona income.

#### **M. Original Issue Discount (OID) on Reacquisition of Business Debt Instrument**

For federal purposes, when a taxpayer made the special election to defer DOI income under IRC § 108(i), the taxpayer was not allowed to take a deduction with respect to the portion of any OID that accrued with respect to that DOI income, during the income deferral period. In this case, the taxpayer must deduct the aggregate amount of the OID deductions disallowed ratably over a 5 year period, beginning with the period in which the income is includible in federal adjusted gross income.

Arizona did not adopt the federal provisions requiring a taxpayer to defer the OID deduction in cases where the taxpayer federally deferred the DOI income under IRC § 108(i). For Arizona purposes, you were required to add the amount of deferred DOI income to Arizona income on the return filed for the year in which you reacquired the debt instrument.

Since Arizona taxed the federally deferred DOI income for 2009 or 2010 on your 2009 or 2010 Arizona return, you may subtract the amount of OID that accrued during the taxable year with respect to that DOI income.

On line 35, enter the amount of any OID that was deferred and not allowed to be deducted in computing your federal adjusted gross income for 2016 under IRC § 108(i).

#### **N. Sole Proprietorship Income of an Arizona Nonprofit Medical Marijuana Dispensary included in Federal Adjusted Gross Income**

If you are registered as an Arizona sole proprietorship with the Arizona Department of Health Services to operate in this state as a nonprofit medical marijuana dispensary, you may subtract the amount of the income from the dispensary that is included in the computation of your federal adjusted gross income. Include the amount of the income on line 35.

**NOTE:** *If the Arizona nonprofit medical marijuana dispensary is registered with the Arizona Department of Health Services as anything other than a sole proprietorship, this subtraction does not apply.*

#### **O. Long-Term Care Insurance Premiums**

You may subtract the amount of premium costs for long-term care insurance for qualified long-term care services. Qualified long-term care services are necessary diagnostic, preventive, therapeutic, curing, treating, mitigating, rehabilitative services, and maintenance and personal care services.

You may take this subtraction only if you are *not* claiming itemized deductions for the taxable year. Include the allowable subtraction on line 35.

An individual, who claims itemized deductions, may *not* take this subtraction.

#### **P. Long-Term Health Care Savings Accounts**

You may subtract amounts you paid into a long-term health care savings account established under Arizona law. An individual may establish a long-term health care savings account with an account Administrator who will manage the account.

For more information regarding the subtraction for contributions made to a long-term health care savings account, see A.R.S. § 43-1032.

The total amount you may subtract is equal to the amount of your contributions that are included in your federal adjusted gross income. Include the amount of the allowable subtraction on line 35.

Do not include on line 35 any amounts already excluded in the computation of your federal adjusted gross income

#### **Q. Other Adjustments**

Other special adjustments may be necessary. Call one of the numbers on page 1 of these instructions if any of the following apply:

- You sold or disposed of non-depreciable property that was held for the production of income and your basis was computed under the Arizona Income Tax Act of 1954, as amended (1978 prior).
- You deferred exploration expenses determined under IRC § 617 in a taxable year ending before January 1, 1990, and you have not previously taken a subtraction for those expenses.

#### **Line 36 -**

Subtract lines 22 through 35 from line 17 and enter the difference.

#### **Line 37 -**

Enter the amount from page 1, line 36.

#### **Exemptions**

##### **Line 38 - Age 65 or Over**

Multiply the number in box 8 on the front of your return by \$2,100 and enter the result.

##### **Line 39 - Blind**

Multiply the number in box 9 on the front of your return by \$1,500 and enter the result.

##### **Line 40 - Dependents**

Multiply the number in box 10 on the front of your return by \$2,300 and enter the result.

##### **Line 41 - Qualifying Parents and Grandparents**

Multiply the number in box 11 on the front of your return by \$10,000 and enter the result.

##### **Line 42 - Arizona Adjusted Gross Income**

Subtract lines 38 through 41 from line 37 and enter the difference.

## Figuring Your Tax

### Line 43 - Standard or Itemized Deductions

You must decide whether to take the standard deduction or to itemize your deductions. Your Arizona income tax will be less if you take the larger of your standard deduction or your itemized deductions.

**e-file** When you *e-file*, the software completes the math for you.

### Your Standard Deduction

If you take the standard deduction, check box 43S.

If your filing status is:	Your standard deduction is:
• Single	\$5,099
• Married filing separate	\$5,099
• Married filing joint	\$10,189
• Head of household	\$10,189

### Your Itemized Deductions

If you itemize your deductions, check box 43I.

You may claim itemized deductions on your Arizona return even if you take a standard deduction on your federal return. For the most part, you may claim those deductions allowable as itemized deductions under the IRC.

In some cases, the amount allowed for some deductions may not be the same as the amount allowable for federal purposes.

You may have to adjust the amounts shown on your completed federal Form 1040, Schedule A.

See Arizona Form 140 Schedule A, *Itemized Deduction Adjustments*, to figure if you have to make any adjustments.

To figure your itemized deductions, you must complete a federal Form 1040, Schedule A. Then, if required, complete Arizona Form 140, Schedule A, *Itemized Deduction Adjustments*.

If you do not have to complete Form 140, Schedule A, *Itemized Deduction Adjustments*; enter the amount from federal Form 1040, Schedule A, on Form 140, line 43.

You must include a copy of the completed federal Schedule A with your Arizona return.

### Line 44 - Personal Exemptions

The amount you may claim as a personal exemption depends on your filing status. If married, the amount you may claim as a personal exemption also depends on whether you or your spouse claim dependents. You may use the following chart to figure your personal exemption.

If married, you may also use Arizona Form 202, *Personal Exemption Allocation Election*, to figure your personal exemption.

Personal Exemption Chart	
If you checked filing status:	Enter:
• Single (Box 7)	\$2,100
• Married filing joint return (Box 4) and claiming no dependents (Box 10)	\$4,200
• Married filing joint return (Box 4) and claiming at least one dependent (Box 10) excluding persons listed who did not qualify as a dependent on your federal return [Box 10, column (e)].	\$6,300
• Head of household and you are not married (Box 5)	\$4,200
• Head of household and you are a married person who qualifies to file as head of household (Box 5)	\$3,150, or complete Form 202
• Married filing separate return (Box 6) with neither spouse claiming any dependents (Box 10)	\$2,100, or complete Form 202
• Married filing separate return (Box 6) with one spouse claiming at least one dependent (Box 10) excluding persons listed who did not qualify as a dependent on your federal return [Box 10, column (e)].	\$3,150, or complete Form 202

A married couple who does not claim any dependents may take one personal exemption of \$4,200. If the husband and wife file separate returns, either spouse may take the entire \$4,200 exemption, or the spouses may divide the \$4,200 between them. You and your spouse must complete Form 202 if either you or your spouse claim a personal exemption of more than \$2,100. If you and your spouse do not complete Form 202, you may take an exemption of only \$2,100 (one-half of the total \$4,200).

A married couple who claims at least one dependent may take one personal exemption of \$6,300. If the husband and wife file separate returns, either spouse may take the entire \$6,300 exemption, or the spouses may divide the \$6,300 between them. You and your spouse must complete Form 202 if either you or your spouse claims a personal exemption of more than \$3,150. If you and your spouse do not complete Form 202, you may take an exemption of only \$3,150 (one-half of the total \$6,300).

If you are a married person who qualifies to file as a head of household, you may take the entire \$6,300 personal exemption or you may divide the exemption with your spouse. You and your spouse must complete Form 202 if either you or your spouse claims a personal exemption of more than \$3,150. If you and your spouse do not complete Form 202 you may take an exemption of only \$3,150 (one-half of the total \$6,300).

The spouse who claims more than one-half of the total personal exemption must include the original Form 202 with his or her return. The spouse who claims less than one-half of the total personal exemption must include a copy of the completed Form 202 with his or her return.

**Line 45 - Arizona Taxable Income**

Subtract lines 43 and 44 from line 42 and enter the difference. If less than zero, enter "0". Use this amount to calculate your tax using Tax Table X or Y or the Optional Tax Tables.

**Line 46 - Tax Amount**

Enter the tax from either Tax Table X or Y or the Optional Tax Tables. If your taxable income is less than \$50,000, use the Optional Tax Table. If your taxable income is \$50,000 or more, use Tax Table X or Y.

**Line 47 - Tax from Recapture of Credits from Arizona Form 301**

Enter the amount of tax due from recapture of the credits from Arizona Form 301, Part 2, line 40.

**Line 48 - Subtotal of Tax**

Add lines 46 and 47 and enter the total.

**Line 49 - Family Income Tax Credit**

**e-file** E-file software will let you know if you are eligible and will figure the credit for you.

**NOTE:** The family income tax credit will only reduce your tax and cannot be refunded.

You may claim this credit if your income does not exceed the maximum income allowed for your filing status.

- Complete Steps 1, 2, and 3 to see if you qualify for this credit.
- If you qualify to take this credit, complete Worksheet II in Step 4.

**Step 1**

Complete Worksheet I below.

<b>Worksheet I (continued on next column)</b>		
1. Enter the amount from Form 140, line 42	\$	
2. Enter the amount from Form 140, line 38.	\$	
3. Enter the amount from Form 140, line 39.	\$	
4. Enter the amount from Form 140, line 40.	\$	
5. Enter the amount from Form 140, line 41.	\$	
6. Add the amounts on lines 2 through 5 and enter the total.	\$	
7. Add lines 1 and 6 and enter the total.	\$	

**Step 2**

Look at the following tables. Find your filing status.

- Use Table 1 if married filing a joint return.
- Use Table 2 if head of household.
- Use Table 3 if single or married filing separate return.

**Step 3**

- Look at column (a) and find the number of dependents you are claiming (Form 140, page 1, box 10 excluding

persons listed who did not qualify as a dependent on your federal return).

- Find the maximum income [in column (b)] for the number of dependents you are claiming.
- Compare that income [the amount in column (b)] with the income listed in Step 1 on Worksheet I, line 7.

If the amount entered in Step 1 on Worksheet I, line 7 is equal to or less than the maximum income allowed for the number of dependents you are claiming on Form 140, page 1, box 10, excluding persons listed who did not qualify as your dependent on your federal return, you qualify to claim this credit. To figure your credit, complete Step 4.

<b>Table I Married Filing Joint Return</b>	
Column (a)	Column (b)
Number of dependents you are claiming on Form 140, page 1, box 10 excluding persons listed who did not qualify as a dependent on your federal return [Box 10, column (e)].	Maximum Income
• 0 or 1	\$20,000
• 2	\$23,600
• 3	\$27,300
• 4 or more	\$31,000

<b>Table II Head of Household</b>	
Column (a)	Column (b)
Number of dependents you are claiming on Form 140, page 1, box 10, excluding persons listed who did not qualify as a dependent on your federal return [Box 10, column (e)].	Maximum Income
• 0 or 1	\$20,000
• 2	\$20,135
• 3	\$23,800
• 4	\$25,200
• 5 or more	\$26,575

<b>Table III Single or Married Filing Separate Return</b>	
Column (a)	Column (b)
Number of dependents you are claiming on Form 140, page 1, box 10 excluding persons listed who did not qualify as a dependent on your federal return [Box 10, column (e)].	Maximum Income
• 0 or more	\$10,000

**Step 4**

If you qualify to claim the credit, complete Worksheet II.

<b>Worksheet II You must complete Steps 1 through 3 before you complete Worksheet II (continued on next page)</b>	
1. Enter the number of dependents you entered on Form 140, page 1, box 10, excluding persons listed who did not qualify as a dependent on your federal return [Box 10, column (e)].	



2. Enter the number of personal exemptions. If you checked filing status 4, enter the number 2 here. If you checked filing status 5, 6, or 7, enter the number 1 here.	
3. Add lines 1 and 2. Enter the total.	
4. Multiply the amount on line 3 by \$40. Enter the result.	\$
5. If you checked filing status 4 or 5, enter \$240 here. If your checked filing status 6 or 7, enter \$120 here.	\$
6. Enter the lesser of line 4 or line 5. Also, enter this amount on Form 140, line 49.	\$

**Line 50 - Nonrefundable Credits from Arizona Form 301**

Complete line 50 if you claim any of the following credits. Also make sure that you complete and include Arizona Form 301 and the appropriate credit form or forms with your return.

1. **Enterprise Zone Credit.** The enterprise zone credit for individuals was repealed. All credits for enterprise zones that were properly established can be carried forward for the respective five year carry forward period. See Form 304 for more information.
2. **Environmental Technology Facility Credit.** You may qualify for this credit if your business incurred expenses in constructing a qualified environmental technology manufacturing facility. Use Form 305 to figure this credit.
3. **Military Reuse Zone Credit.** You may qualify for this credit if you have qualifying net increases in full-time employment within a military reuse zone. Use Form 306 to figure this credit.
4. **Recycling Equipment Credit.** The recycling equipment credit for individuals was repealed. All credits for recycling equipment that were properly established can be carried forward for the respective 15 year carry forward period. Use Form 307 to figure any allowable credit carryover.
5. **Credit for Increased Research Activities - Individuals.** You may qualify for this credit if you incurred qualified research expenses for research conducted in Arizona. Use Form 308-I to figure this credit. Be sure to include **only** the nonrefundable portion on Form 140, line 50.
6. **Credit for Taxes Paid to Another State or Country.** You may qualify for this credit if you paid tax to Arizona and another state or country on the same income. Use Form 309 to figure your credit.
7. **Credit for Solar Energy Devices.** You may qualify for this credit if you installed a solar energy device in your residence located in Arizona. Use Form 310 to figure this credit.
8. **Agricultural Water Conservation System Credit.** You may qualify for this credit if you incurred expenses to purchase and install an agricultural water conservation system in Arizona. Use Form 312 to figure this credit.
9. **Pollution Control Credit.** You may qualify for this credit if you purchased depreciable property used in a trade or

business to reduce or prevent pollution. Use Form 315 to figure this credit.

**10. Credit for Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlets.** You may qualify for this credit if you installed solar hot water heater plumbing stub outs or electric vehicle recharge outlets in houses or dwelling units you constructed.

The taxpayer that constructed the dwelling may also transfer the credit to a purchaser. Use Form 319 to figure this credit.

**11. Credit for Employment of TANF Recipients.** You may qualify for this credit if you employed TANF recipients during the taxable year. Use Form 320 to figure this credit.

**12. Credit for Contributions to Qualifying Charitable Organizations.** You may qualify for this credit if you made contributions to qualifying charitable organizations. Use Form 321 to figure this credit.

**13. Credit for Contributions Made or Fees Paid to Public Schools.** You may qualify for this credit if you made contributions or paid certain fees to public schools in Arizona. Use Form 322 to figure this credit.

**14. Credit for Contributions to Private School Tuition Organizations.** You may qualify for this credit if you made contributions to a school tuition organization that provides scholarships or grants to qualified schools. Use Form 323 to figure this credit.

**15. Agricultural Pollution Control Equipment Credit.** You may qualify for this credit if you are involved in commercial agriculture and incurred expenses to purchase tangible personal property that is primarily used in your trade or business to control or prevent pollution. Use Form 325 to figure this credit.

**16. Credit for Donation of School Site.** You may qualify for this credit if you donated real property and improvements to a school district or a charter school for use as a school or as a site for the construction of a school. Use Form 331 to figure this credit.

**17. Credits for Healthy Forest Enterprises.** You may qualify for these credits if you had net increases in qualified employment positions in a healthy forest enterprise and net training and certifying costs. Use Form 332 to figure these credits.

**18. Credit for Employing National Guard Members.** You may qualify for this credit if you are an employer who has an employee that is a member of the Arizona National Guard if the employee is placed on active duty. Use Form 333 to figure this credit.

**19. Credit for Business Contributions by an S Corporation to School Tuition Organizations - Individual.** S corporations that make qualifying contributions of \$5,000 or more may pass-through the credit to its individual shareholders on a *pro rata* basis. See Form 335-I for more information.

**20. Credit for Solar Energy Devices - Commercial and Industrial Applications.** This credit is available to taxpayers

that installed solar energy devices for commercial, industrial, or other nonresidential applications located in Arizona. Use Form 336 to figure this credit.

**21. Credit for Investment in Qualified Small Businesses.** You may qualify for this credit if you made an investment in a qualified small business. Use Form 338 to figure this credit.

**22. Credit for Water Conservation Systems.** The credit for water conservation systems for individuals was repealed. All credits for water conservation systems that were properly established can be carried forward for the respective five year carry forward period. Use Form 339 to figure this credit.

**23. Credit for Donations to the Military Family Relief Fund.** You may qualify for this credit if you made a cash contribution to the Arizona Military Family Relief Fund during the taxable year. Use Form 340 to figure this credit.

**24. Credit for Business Contributions by an S Corporation to School Tuition Organizations for Displaced Students or Students with Disabilities - Individual.** S corporations that make qualifying contributions of \$5000 or more may pass-through the credit to its individual shareholders on a *pro rata* basis. See Form 341-I for more information.

**25. Renewable Energy Production Tax Credit.** You may qualify for this credit if you produced electricity using a qualified energy resource. Use Form 343 to figure this credit.

**26. Solar Liquid Fuel Credit.** You may qualify for this credit if you incurred expenses for (1) research and development costs associated with solar liquid fuel, (2) for the production of solar liquid fuel in this state in commercial quantities, and (3) for costs incurred during the taxable year to convert or modify existing motor vehicle fuel service stations for the retail sale of solar liquid fuel to customers. Use Form 344 to figure this credit.

**27. Credit for New Employment.** For taxable years beginning from and after June 30, 2011, you may qualify for this credit if your business had a net increase in qualified employment positions. Use Form 345 to figure this credit.

**28. Additional Credit for Increased Research Activities for Basic Research Payments.** You may qualify for this credit for qualified basic research payments for research conducted in Arizona. Approval by the Department of Revenue is required prior to claiming this credit. Use Form 346 to figure this credit.

**29. Credit for Qualified Health Insurance Plans.** The credit for qualified health insurance plans for individuals has been repealed. All credits for qualified health insurance plans that were properly established can be carried forward for the respective three year carry forward period. Use Form 347 to figure this credit.

**30. Credit for Contributions to Certified School Tuition Organization (for the amounts that exceed the allowable credit on AZ Form 323).** You may qualify for this credit if you made contributions to school tuition organization(s) that exceed the allowable credit amount on AZ Form 323. Use Form 348 to figure this credit.

**31. Credit for Renewable Energy Investment & Production for Self-Consumption by Manufacturers and International Operations Centers.** You may qualify for this tax credit if you made an investment in new renewable energy facilities that produce energy for self-consumption using renewable energy resources if the power will be used primarily for manufacturing or in an international operations center. Use Form 351 to figure this credit.

**32. Credit for Contributions to Qualifying Foster Care Charitable Organizations.** You may qualify for this credit if you made contributions to qualifying foster care charitable organizations. Use Form 352 to figure this credit.

Compute your credit(s) on the appropriate form(s). Complete Arizona Form 301 and enter the amount from Form 301, Part 2, line 76 on Form 140, line 50. The total amount of credits on line 50 cannot reduce your tax below zero. These credits are nonrefundable credits.

Include Form 301 and completed tax credit forms, along with any supporting documents, with your return.

#### Line 51 - Balance of Tax

Subtract lines 49 and 50 from line 48. Enter the difference. If the sum of lines 49 and 50 is more than line 48, enter "0".

### Totaling Payments and Refundable Credits

#### Line 52 - 2016 Arizona Income Tax Withheld

Enter the Arizona income tax withheld shown on Form(s) W-2 from your employer(s). Also enter the Arizona income tax withheld shown on your Form(s) 1099-R (distributions from pensions, annuities, etc.). Do not include any income tax withheld for another state. Include Form(s) W-2 and 1099-R after the last page of your return.

**NOTE:** You should receive your Form(s) W-2 no later than January 31. If you did not receive a Form W-2 or you think your Form W-2 is wrong, contact your employer.

#### Line 53 (Boxes a, b and line 53c) - 2016 Arizona Estimated Tax Payments including Amount Applied from Your 2015 Return; and Arizona Claim of Right

Use this line if you did any of the following:

- made estimated income tax payments to Arizona for 2016;
- applied any of your refund from your 2015 Arizona tax return to 2016 estimated taxes for Arizona; or
- recomputed a prior year's tax under Arizona's Claim of Right provisions.

Beginning in 2016, you **must** also complete and include the *Arizona Claim of Right – Individual* form(s) with your income tax return. If you fail to complete and include the form(s), the amount of your claim may be denied. The form is available on the department's website at [www.azdor.gov](http://www.azdor.gov).

**Box 53a:** Enter the total amount of *estimated taxes* paid and/or applied to your 2016 taxes.

DO NOT STAPLE ANY ITEMS TO THE RETURN.

82F Check box 82F if filing under extension OR FISCAL YEAR BEGINNING MM,DD,20YY AND ENDING MM,DD,20YY. 66F

1 Your First Name and Middle Initial Last Name Enter your SSN(s) Your Social Security Number

1 Spouse's First Name and Middle Initial (if box 4 or 6 checked) Last Name Enter your SSN(s) Spouse's Social Security No.

2 Current Home Address - number and street, rural route Apt. No. Daytime Phone (with area code) 94

3 City, Town or Post Office State ZIP Code Last Names Used in Last Four Prior Year(s) (if different) 97

FILING STATUS 4 Married filing joint return 5 Head of household: Enter name of qualifying child or dependent on next line: 6 Married filing separate return: Enter spouse's name and Social Security Number above. 7 Single Enter the number claimed. Do not put a check mark.

REVENUE USE ONLY. DO NOT MARK IN THIS AREA. 88

EXEMPTIONS 8 Age 65 or over (you and/or spouse) 9 Blind (you and/or spouse) 10 Dependents: Do not include self or spouse. 11 Qualifying parents and grandparents If completing lines 8 through 11, also complete lines 38 through 41.

81 PM 80 RCVD

(Box 10): Dependent Information: Children and other dependents. For more space, (check) and complete page 3.

Table with 6 columns: (a) FIRST AND LAST NAME, (b) SOCIAL SECURITY NO., (c) RELATIONSHIP, (d) NO. OF MONTHS LIVED IN YOUR HOME IN 2016, (e) if this person did not qualify as a dependent on your federal return, (f) if you did not claim this person on your federal return due to educational credits. Rows 10a, 10b, 10c.

(Box 11): Qualifying parents and grandparents. See instructions. For more space, (check) and complete page 3.

Table with 6 columns: (a) FIRST AND LAST NAME, (b) SOCIAL SECURITY NO., (c) RELATIONSHIP, (d) NO. OF MONTHS LIVED IN YOUR HOME IN 2016, (e) if age 65 or over, (f) if died in 2016. Rows 11a, 11b.

Table with 3 columns: Description, Line Number, Amount. Rows 12-17: Federal adjusted gross income, Non-Arizona municipal interest, Partnership Income adjustment, Total federal depreciation, Other Additions to Income, Subtotal.

Table with 3 columns: Description, Line Number, Amount. Rows 18-36: Total net capital gain or (loss), Total net short-term capital gain or (loss), Total net long-term capital gain or (loss), Net long-term capital gain from assets acquired after December 31, 2011, Multiply line 21 by 25% (.25) and enter the result, Net capital gain derived from investment in qualified small business, Recalculated Arizona depreciation, Partnership Income adjustment, Adjustment for I.R.C. §179 expense not allowed, Interest on U.S. obligations such as U.S. savings bonds and treasury bills, Exclusion for federal, Arizona state or local government pensions (up to \$2,500 per taxpayer), Arizona state lottery winnings included as income on your federal return (up to \$5,000 only), U.S. Social Security or Railroad Retirement Act benefits included as income on your federal return (taxable amount), Certain wages of American Indians, Pay received for active service as a member of the reserves, national guard or the U.S. armed forces, Net operating loss adjustment, Contributions to 529 College Savings Plans, Other Subtractions from Income, Subtract lines 22 through 35 from line 17 and enter the difference.

Place any required federal and AZ schedules or other documents after Form 140.



Your Name (as shown on page 1)

Your Social Security Number

## Dependent Information - Continuation Sheet from Page 1 Dependents

Include with your return **only** if listing additional dependents.

Complete this form **only** if you need additional space from page 1 to list your dependents.  
If you do not list **all** dependents claimed on page 1 of your income tax return, you may lose the exemptions.

### Children and other dependents, continued from page 1.

	(a) FIRST AND LAST NAME (Do not list yourself or spouse.)	(b) SOCIAL SECURITY NO.	(c) RELATIONSHIP	(d) NO. OF MONTHS LIVED IN YOUR HOME IN 2016	(e) ✓ if this person did not qualify as a dependent on your federal return	(f) ✓ if you did not claim this person on your federal return due to educational credits
10d					<input type="checkbox"/>	<input type="checkbox"/>
10e					<input type="checkbox"/>	<input type="checkbox"/>
10f					<input type="checkbox"/>	<input type="checkbox"/>
10g					<input type="checkbox"/>	<input type="checkbox"/>
10h					<input type="checkbox"/>	<input type="checkbox"/>
10i					<input type="checkbox"/>	<input type="checkbox"/>
10j					<input type="checkbox"/>	<input type="checkbox"/>
10k					<input type="checkbox"/>	<input type="checkbox"/>
10l					<input type="checkbox"/>	<input type="checkbox"/>
10m					<input type="checkbox"/>	<input type="checkbox"/>
10n					<input type="checkbox"/>	<input type="checkbox"/>
10o					<input type="checkbox"/>	<input type="checkbox"/>
10p					<input type="checkbox"/>	<input type="checkbox"/>
10q					<input type="checkbox"/>	<input type="checkbox"/>
10r					<input type="checkbox"/>	<input type="checkbox"/>
10s					<input type="checkbox"/>	<input type="checkbox"/>
10t					<input type="checkbox"/>	<input type="checkbox"/>
10u					<input type="checkbox"/>	<input type="checkbox"/>

### Qualifying parents and grandparents, continued from page 1.

	(a) FIRST AND LAST NAME (Do not list yourself or spouse.)	(b) SOCIAL SECURITY NO.	(c) RELATIONSHIP	(d) NO. OF MONTHS LIVED IN YOUR HOME IN 2016	(e) ✓ if age 65 or over	(f) ✓ if died in 2016
11c					<input type="checkbox"/>	<input type="checkbox"/>
11d					<input type="checkbox"/>	<input type="checkbox"/>
11e					<input type="checkbox"/>	<input type="checkbox"/>
11f					<input type="checkbox"/>	<input type="checkbox"/>
11g					<input type="checkbox"/>	<input type="checkbox"/>
11h					<input type="checkbox"/>	<input type="checkbox"/>
11i					<input type="checkbox"/>	<input type="checkbox"/>
11j					<input type="checkbox"/>	<input type="checkbox"/>



**Include with your return.**

Your Name as shown on Form 140	Your Social Security Number
Spouse's Name as shown on Form 140 (if filing joint)	Spouse's Social Security Number

To itemize on your Arizona return, you must first complete a federal Schedule A. Use Form 140, Schedule A, to adjust the amount shown on the federal Schedule A. Complete Form 140, Schedule A, **only if you are making changes** to the amount shown on the federal Schedule A. See instructions for details.

**Adjustment to Medical and Dental Expenses**

1 Medical and dental expenses.....	<b>1</b>		00
2 Amount of distributions used to pay qualified medical expenses from your Arizona Long-Term Health Care Savings Account (AZLTHSA) included on line 1.	<b>2</b>		00
3 Medical expenses allowed to be taken as a federal itemized deduction .....	<b>3</b>		00
4 Add line 2 and line 3.....	<b>4</b>		00
5 If line 1 is the same as or more than line 4, subtract line 4 from line 1; otherwise, go to line 6 .....	<b>5</b>		00
6 If line 4 is more than line 1, subtract line 1 from line 4 .....	<b>6</b>		00

**Adjustment to Interest Deduction**

7 If you received a federal credit for interest paid on mortgage credit certificates (from federal Form 8396), enter the amount of mortgage interest you paid for 2016 that is equal to the amount of your 2016 federal credit.....	<b>7</b>		00
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**Adjustment to Gambling Losses**

8 Wagering losses allowed as a federal itemized deduction .....	<b>8</b>		00
9 Total gambling winnings included in your federal adjusted gross income .....	<b>9</b>		00
10 Arizona lottery subtraction from Form 140, page 1, line 29.....	<b>10</b>		00
11 Maximum allowable gambling loss deduction: Subtract line 10 from line 9.....	<b>11</b>		00
12 If line 11 is less than line 8, subtract line 11 from line 8; otherwise enter "zero".....	<b>12</b>		00

**Adjustment to Charitable Contributions**

13 Amount of charitable contributions for which you are claiming a credit under Arizona law .....	<b>13</b>		00
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**Other Adjustments**

14 Amount allowed as a federal itemized deduction that relates to income not subject to Arizona tax .....	<b>14</b>		00
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**Adjusted Itemized Deductions**

15 Add the amounts on lines 5 and 7 .....	<b>15</b>		00
16 Add the amounts on lines 6, 12, 13 and 14.....	<b>16</b>		00
17 Total federal itemized deductions allowed to be taken on federal return.....	<b>17</b>		00
18 Enter the amount from line 15 above .....	<b>18</b>		00
19 Add lines 17 and 18.....	<b>19</b>		00
20 Enter the amount from line 16 above .....	<b>20</b>		00
21 Arizona itemized deductions: Subtract line 20 from line 19. Enter the result here and on Form 140, page 2, line 43.....	<b>21</b>		00



**You must include a copy of federal Form 1040, Schedule A with your return if you itemize your deductions.**





DO NOT STAPLE ANY ITEMS TO THE RETURN.

For the calendar year 2016 or fiscal year beginning MM,DD,YY 2,0,1,6 and ending MM,DD,YY 2,0,1,6 **66**

<b>1</b> Your First Name and Middle Initial	Last Name	<b>Enter your SSN(s).</b>	Your Social Security Number
<b>1</b> Spouse's First Name and Middle Initial (if filing joint)	Last Name		Spouse's Social Security No.
<b>2</b> Current Home Address - number and street, rural route		Apt. No.	Daytime Phone (with area code) <b>94</b>
<b>3</b> City, Town or Post Office		State	ZIP Code

**REVENUE USE ONLY. DO NOT MARK IN THIS AREA.**  
**88**

- Resident Personal Income Tax Forms – Check only one box:**
- 140     140A     140EZ     140PTC     140ET
  - Part-Year Resident Personal Income Tax, Form 140PY
  - Nonresident Personal Income Tax, Form 140NR
  - Nonresident Composite, Form 140NR

<b>81</b> PM	<b>80</b> RCVD
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All extension requests must be postmarked on or before the original due date of the return, unless the original due date falls on a Saturday, Sunday, or legal holiday. In that case, your request must be postmarked on or before the business day following that Saturday, Sunday, or legal holiday. If you are a calendar year filer, your request for a 2016 filing extension must be postmarked on or before April 18, 2017.

An Arizona extension cannot be granted for more than six months beyond the original due date of the return. Arizona will grant an automatic six-month extension to individuals filing Forms 140, 140A, 140EZ, 140NR, 140PY, 140PTC or 140ET. Arizona will accept a valid federal extension for the period covered by the federal extension. This includes the automatic six-month individual federal filing extension.

<b>CHECK ONE BOX:</b>	<b>Fiscal Tax Year Ending</b>	<b>Return Due Date</b>
<input type="checkbox"/> <b>Individual Calendar Year Filers:</b> (filing Forms 140, 140A, 140EZ, 140NR, 140PY, 140PTC or 140ET) This is a request for an automatic 6-month filing extension .....		October 16, 2017
<input type="checkbox"/> <b>Individual Fiscal Year Filers:</b> (automatic 6-month extension period) Enter taxable year-end date and 6-month extended due date .....	<u>MM,DD,YY,YY</u>	<u>MM,DD,YY,YY</u>
<input type="checkbox"/> A federal extension will be used to file this tax return. This form is being used to transmit the Arizona extension payment.		

1 Tax liability for 2016. You may estimate this amount .....	<b>1</b>		00
2 Arizona income tax withheld during 2016 .....	<b>2</b>	00	
3 Arizona estimated tax payments for 2016 .....	<b>3</b>	00	
4 Credits you will claim on your 2016 return. See Arizona Form 301 for a list of credits. 4	<b>4</b>	00	
5 Add lines 2 through 4 .....	<b>5</b>	00	
6 <b>Balance of Tax:</b> Subtract line 5 from line 1 .....	<b>6</b>	00	
7 Enter amount of payment enclosed with this extension..... <b>PAYMENT ENCLOSED</b> ▶	<b>7</b>	00	

- Make check payable to Arizona Department of Revenue; **write your SSN and tax year on your payment.**
- **Include your payment with this form.**
- For **Nonresident Composite returns**, write "Composite 140NR" on payment and include the tax year and entity's EIN.

- **IMPORTANT:** If you are filing under a federal extension but are making an Arizona extension *payment by credit card or electronic payment*, **do not mail Form 204** to us. We will apply your extension tax payment to your account.
- If you **are** sending a payment with this request, mail to Arizona Department of Revenue, PO Box 29085, Phoenix, AZ 85038-9085.
- If you are **not** sending a payment with this request, mail to Arizona Department of Revenue, PO Box 52138, Phoenix, AZ 85072-2138.



# 2016 Form 140 Schedule A Itemized Deduction Adjustments

## For Full-Year Residents Only

You may itemize on your Arizona return, even if you do not itemize on your federal return. In order to itemize on your Arizona return, you must first complete a federal Schedule A. Use Arizona Form 140, Schedule A, *Itemized Deduction Adjustments*, to adjust the amount shown on the federal Schedule A. Complete Form 140, Schedule A, **only** if you are making changes to the amount shown on the federal Schedule A. You must include the federal Form 1040, Schedule A, with this form.

**You must complete Form 140, Schedule A, only if any of the following items apply to you:**

1. You are deducting medical and dental expenses.
2. You are claiming a federal credit (from federal Form 8396) for interest paid on mortgage credit certificates.
3. You are deducting gambling losses while taking a subtraction for Arizona lottery winnings.
4. Your deductions claimed on the federal Schedule A include expenses related to income not subject to Arizona tax.
5. You are claiming an Arizona credit for any amount allowed as a charitable contribution.

If any of the above items apply to you, complete federal Form 1040, Schedule A, and then complete Arizona Form 140, Schedule A, as instructed below.

**Do not complete Form 140, Schedule A, if the above items do not apply to you.**

If you do not have to complete Form 140, Schedule A, enter the amount from federal Form 1040, Schedule A, on Arizona Form 140, page 2, line 43.

## Line-by-Line Instructions

### Lines 1 through 6 - Medical and Dental Expenses

*Skip lines 1 through 6 if you are **not** deducting medical and dental expenses.*

In most cases, the deduction allowed on the Arizona return will be larger than the deduction allowed on the federal return. On your Arizona return, you do not have to reduce your medical expenses by a percentage of your federal adjusted gross income.

In most cases, you may deduct more medical expenses on your Arizona return than you can deduct on your federal return. Complete lines 1 through 6 to deduct those expenses that were less than 10% (7.5% for age 65 and over) of your federal adjusted gross income.

Also, complete lines 1 through 6 if you had an Arizona Long-Term Health Care Savings Account (AZLTHSA).

### Line 1 -

Enter the total of your medical and dental expenses. Do not include any expenses that were paid by insurance or other sources.

Do not reduce the amount you enter on line 1 by amounts paid from an AZLTHSA.

Do not include the following amounts you paid through an employer-sponsored health insurance plan (cafeteria plan) unless your employer included the amounts in Box 1 of your Form W-2.

- Insurance premiums you paid through the plan.
- Other medical and dental expenses paid by the plan.

If you are self-employed, do not include any amount that you paid for health insurance that you deducted in computing your federal adjusted gross income.

For details about what types of expenses you may deduct, see federal Form 1040, Schedule A.

### Line 2 -

Enter any amount of medical and dental expenses included on line 1 that were paid from your AZLTHSA.

### Lines 3 through 6 -

Complete lines 3 through 6 as instructed on the form.

### Line 7 - Interest Paid on Mortgage Credit Certificates

*Skip line 7 if you are **not** claiming a federal credit for interest paid on mortgage credit certificates on your federal return.*

If you claimed this credit on your federal return (using federal Form 8396), you may deduct the amount of mortgage interest you paid in 2016 that is equal to the amount of that credit. Enter the amount of that interest on line 7.

### Lines 8 through 12 - Gambling Losses

*Skip lines 8 through 12 if you are **not** deducting gambling losses.*

You can deduct wagering losses only to the extent of your wagering gains. You must complete lines 8 through 12 if **both** of the following apply:

1. You took a subtraction for Arizona lottery winnings.
2. You are claiming a deduction for gambling losses.

Complete lines 8 through 12 as instructed on the form.

### Line 13 - Gifts to Charity

*Skip line 13 if you are **not** claiming an Arizona credit for any amount allowed as a charitable contribution.*

You cannot claim both a deduction and a credit for the same charitable contributions. Enter the amount of charitable contributions for which you are claiming a credit.

For Example: (table continued on page 2)		
If you claimed a credit on AZ Form:	For:	You must make an entry on line 13 if you deducted the amount contributed as an
321	Contributions to Qualifying Charitable Organizations	
322	Contributions Made or Fees Paid to Public Schools	

323	Contributions to Private School Tuition Organization	itemized deduction on federal Form 1040, Schedule A.
331	Donation of School Site	
335-I	Contributions made by an S Corporation to a School Tuition Organization - Individual	
340	Donations to the Military Family Relief Fund	
341-I	Contributions made by an S Corporation to a School Tuition Organization for Displaced Students or Students with Disabilities - Individual	
348	Contributions to Certified School Tuition Organization - Individual	
352	Contributions to Qualifying Foster Care Charitable Organizations	

**Line 14 - Other Adjustments**

You may not deduct any expense that relates to income not subject to Arizona tax. You must complete line 14 if your federal Schedule A includes such expenses. Such expenses include:

1. Interest or other related expenses incurred to purchase or carry U.S. obligations, when the income is not subject to Arizona tax.
2. State taxes paid to other states for prior years if you were not an Arizona resident for that prior year.
3. Employee business expenses that relate to income not subject to Arizona tax.

This list is not complete. There may be other items included in your federal Schedule A that you cannot deduct on the Arizona return.

Enter the amount of expenses deductible on federal Schedule A that are allocable to income that is not subject to Arizona income tax.

**Lines 15 through 21 - Adjusted Itemized Deductions**

Complete lines 15 through 21 as instructed on the form.

If you claimed a credit on your 2015 return for a contribution that you made during 2016 (see Arizona Forms 322, 323 and 348), you must make this adjustment on your 2016 return, even though you claimed the credit on your 2015 return.

If you are claiming a credit on your 2016 return for a contribution made during 2017 (see Arizona Forms 321, 322, 323, 348 and 352), you must make this adjustment on your 2017 return, even though you are claiming the credit on your 2016 return.

## 2016 Filing Extension For Individuals

### For information or help, call one of the numbers listed:

Phoenix (602) 255-3381  
From area codes 520 and 928, toll-free (800) 352-4090

### Tax forms, instructions, and other tax information


If you need tax forms, instructions, and other tax information, go to the department's website at [www.azdor.gov](http://www.azdor.gov).

### Income Tax Procedures and Rulings

These instructions may refer to the department's income tax procedures and rulings for more information. To view or print these, go to our website and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

### Publications

To view or print the department's publications, go to our website and click on *Publications*.

 **Leave the paper behind and e-file your Arizona extension request.**

Visit [www.azdor.gov](http://www.azdor.gov) for e-file requirements.

## Use of Form 204

Use Arizona Form 204 to apply for an extension of time to file an Arizona Form 140, 140A, 140EZ, 140ET, 140PTC, 140PY, or 140NR. Individuals use this form to apply for an automatic six (6) month extension.

If you are using Form 204 to request a filing extension for an Arizona Form 140NR composite return, enter the partnership or S corporation's employer identification number (EIN) in the area designated for an individual's Social Security Number (SSN).

Also, use Form 204 to remit an extension payment whether you are requesting an Arizona extension or using a valid federal extension. However, if you are filing under a federal extension, but making an electronic extension payment or making an extension payment using a credit card, you do not need to mail in Form 204.

Arizona will accept your federal extension for the period covered by the federal extension.

### Foreign Address

If you have a foreign address, enter the information in the following order: city, province or state, and country. Follow the country's practice for entering the postal code. Do not abbreviate the country name.

## When to File Form 204

All extension requests must be postmarked on or before the original due date of the return, unless the original due date falls on a Saturday, Sunday, or legal holiday.

In that case, your request must be postmarked on or before the business day following that Saturday, Sunday or legal holiday. For more information, see the department's general tax ruling,

GTR 16-2, *Timely Filing of Income or Withholding Tax Return - Holidays and Weekends*.

**For calendar year filers:** *Because April 15, 2017, falls on a Saturday, and District of Columbia Emancipation Day will be observed on April 17, 2017, you have until Tuesday, April 18, 2017, to file the request for an extension.*

*Since October 15, 2016, falls on a Sunday, you will have until October 16, 2017, to file your income tax return.*

Complete Form 204 to request an automatic six (6) month extension. **Mark your envelope "2016 Extension Request."**

If you are **sending a payment** with this request, mail the form to:

Arizona Department of Revenue  
PO Box 29085  
Phoenix, AZ 85038-9085

If you are **not sending a payment** with your request, mail the form to:

Arizona Department of Revenue  
PO Box 52138  
Phoenix, AZ 85072-2138

The department will not return a copy of the Form 204 to you. Be sure to keep a copy of the completed Form 204.

**An extension does not extend the time to pay your income tax.** You must still pay your tax liability by April 18, 2017, (or by the original due date of your return).

**NOTE:** *Because April 15, 2017, falls on a Saturday and District of Columbia Emancipation Day will be observed on April 17, 2017, you have until Tuesday, April 18, 2017, to pay your tax liability.*

If you do not pay at least 90% (.90) of the income tax liability disclosed by your return by the return's original due date, you will be subject to the extension underpayment penalty. We charge interest from the original due date to the date of payment.

**Extension Underpayment Penalty:** We impose this penalty if you do not pay at least 90% (.90) of the income tax liability shown on your return filed under an extension by the return's original due date. The extension underpayment penalty is ½ of 1% (.005) of the income tax not paid for each 30-day period or fraction of a 30-day period. We impose this penalty from the original due date of the return until you pay the tax. The extension underpayment penalty cannot exceed 25% (.25) of the unpaid income tax. If we charge you the extension underpayment penalty, we will not charge you the late payment penalty under Arizona Revised Statutes (A.R.S.) § 42-1125(D).

## Nonresident Aliens

The due date for your Arizona return is not the same as the due date for your federal return. Your Arizona return is due by April 18, 2017, even though your federal return is due on June 15, 2017. If you want to file your 2016 Arizona return after April 18, 2017, you must ask for a filing extension.

**For Calendar Year Filers:** *Because April 15, 2017, falls on a Saturday and District of Columbia Emancipation Day will be observed on April 17, 2017, you have until Tuesday, April 18, 2017, to pay your tax liability.*

Arizona will allow up to a 6-month extension. This will allow you to file your return by October 16, 2017.

**NOTE:** *Because October 15, 2017, falls on a Sunday, you have until October 16, 2017, to file your return.*

If you have a federal 6-month extension, you can file your Arizona return under that extension. If you file using your federal extension, Arizona will also allow you an extra 6 months.

Because we will allow only 6 months, the due date for your Arizona return is not the same as the due date for your federal return. In this case, your Arizona return will be due by October 16, 2017, even though your federal return will not be due until December 15, 2017. If you file your 2016 Arizona calendar year return after October 16, 2017, your return will be late.

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## Making Your Payment

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Individuals may make extension payments by check, electronic check, money order, or credit card.

Partnerships or S corporations making an extension payment on behalf of nonresidents participating in the filing of an Arizona Form 140NR composite return must make that payment by check or money order.

### Check or money order

If paying by check or money order, make your check or money order payable to Arizona Department of Revenue.

Write your SSN (or EIN) and *2016 Extension Request* on the **front** of your check or money order.

Include your check or money order with Form 204.

### Electronic payment from your checking or savings account

You can make an electronic payment from your checking or savings account to pay your balance due for 2016. There is no fee to use this method. To make an electronic payment, go to [www.AZTaxes.gov](http://www.AZTaxes.gov) and click on the “Make a Payment” link.

Be sure to enter the correct routing number and account number for your checking or savings account. You will be charged a \$25 NSF (non-sufficient funds) fee if you provide an incorrect routing number or an incorrect account number. Check with your financial institution to get the correct routing and account numbers.

The “E-Check” option in the “Payment Method” drop-down box will debit the amount from the checking or savings account that you specify. If you make an electronic payment from your checking or savings account, you will receive a confirmation number. **Please keep this confirmation number as proof of payment.**

**NOTE:** *You may not make an electronic payment from your checking or savings account if the payment will ultimately be coming from a foreign account. In this case, you must pay by check or money order.*

### Credit card payment

You can pay with your Visa, MasterCard, Discover, or American Express credit card. Go to [www.AZTaxes.gov](http://www.AZTaxes.gov) and click on the “Make a Payment” link and choose the credit card option. This will take you to a third party vendor site (provider). The provider **will charge** you a convenience fee based on the amount of your tax payment. The provider will tell you what the fee is during the transaction; you will have the option to continue or cancel the transaction. If you complete the credit card transaction, you will receive a confirmation number. **Please keep this confirmation number as proof of payment.**

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## Instructions Before Mailing

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Make sure that you have completed all the information requested on the **front** of the form.

To avoid an extension underpayment penalty, make sure you pay at least 90% (.90) of your Arizona tax liability.

**NOTE:** If you are married and made joint Arizona estimated payments for 2016, but are filing separate 2016 Arizona income tax returns, see the department's ruling, ITR 02-3, Allocating Joint Estimated Payments to Separate Returns.

**Box 53b:** Enter the amount from your Arizona Claim of Right- Individual form, line 8.

If you completed more than one Claim of Right form for the current taxable year, add all amounts on line 8 and enter the total in box 53b.

**NOTE:** For more information on Arizona's claim of right provisions, see the department's procedure, ITP 16-1, Procedure for Individuals Who Restore Substantial Amounts Held Under a Claim of Right.

**Line 53c:** Add the amounts in box 53a and box 53b. Enter the total on line 53c.

**Line 54 - 2016 Arizona Extension Payment (Form 204)**

Use this line to report the payment you sent with your 2016 extension request (Arizona Form 204) or the electronic extension payment you made using www.AZTaxes.gov.

**Line 55 - Increased Excise Tax Credit**

You may claim this credit if you meet **all** of the following:

- You **must** have a SSN that is valid for employment.
- You meet the income threshold for your filing status.
  - If you are married filing a joint return, or a head of household, you may claim this credit if the amount on Form 140, page 1, line 12, is \$25,000 or less.
  - If you are single or married filing a separate return, you may claim this credit if the amount on Form 140, page 1, line 12 is \$12,500 or less.
- You are not claimed as a dependent by any other taxpayer.
- You were not sentenced for at least 60 days of 2016 to a county, state, or federal prison.

**NOTE:** If you are filing a joint return with your spouse and your spouse was sentenced for at least 60 days during 2016 to a county, state or federal prison, you may claim the Excise Tax Credit if you otherwise qualify to claim the credit, but you cannot claim the credit for your spouse. If your spouse has a valid SSN, but you do not, neither you nor your spouse can claim this credit.

For more information on how incarceration affects this credit, see the department's publication, Pub. 709, *Excise Tax Credit – How Does Incarceration Affect Eligibility?*

If you are filing a joint return with your spouse, you may also claim this credit for your spouse if your spouse has either a valid SSN or an ITIN.

If you also claim a credit for qualifying children, your qualifying children **must** have either a valid SSN or an ITIN.

To figure your credit, complete the following worksheet.

**NOTE:** Do not complete the following worksheet if you are claiming the property tax credit on Arizona Form 140PTC. Use Form 140PTC to figure both the credit for increased excise taxes and the property tax credit.

If you are claiming both the credit for increased excise taxes and the property tax credit, enter the increased excise tax credit from Form 140PTC, page 1, line 17, here and enter the property tax credit from Form 140PTC, page 1, line 15, on Form 140, line 56.

Credit for Increased Excise Taxes Worksheet		
If you checked filing status 4 or 5, is the amount on Form 140, page 1, line 12, \$25,000 or less? If you checked filing status 6 or 7, is the amount on Form 140, line 12, \$12,500 or less?	Check One	
	Yes	No
<b>If you checked no, STOP. You do not qualify for this credit. If you checked yes, complete the rest of this worksheet.</b>		
1. Enter the number of dependents you entered on Form 140, page 1, box 10, excluding persons listed who did not qualify as a dependent on your federal return [Box 10, column (e)]. Also exclude any dependent that is not an Arizona resident.		
2. Number of personal exemptions. If you checked filing status 4, enter the number 2 here. If you checked filing status 5, 6, or 7, enter the number 1 here.		
3. Add lines 1 and 2. Enter the total.		
4. Multiply the amount on line 3 by \$25. Enter the result.	\$	
5. Maximum credit.	\$ 100	00
6. Enter the smaller of line 4 or line 5 here and also enter on Form 140, line 55.	\$	00

**NOTE:** The credit cannot exceed \$100 per household. Do not claim this credit if someone else in your household has already claimed \$100 of the credit. If someone else in your household has claimed less than \$100, you may claim the credit as long as all credit claims filed from your household do not exceed \$100.

**Line 56 - Property Tax Credit**

You may claim the property tax credit if you meet **all** of the following:

- You were either 65 or older in 2016 or, if under age 65, you were receiving SSI Title 16 income from the Social Security Administration.

**NOTE:** SSI Title 16 income is not the normal Social Security disability.

- You were an Arizona resident for the full year in 2016.
- You paid property tax on your Arizona home in 2016. You paid rent on taxable property for the entire year or you did a combination of both.

- If you lived alone, your total household income was under \$3,751. If you lived with others, the total household income was under \$5,501. To see what income is included in household income, see the Form 140PTC instructions.

Complete Form 140PTC to figure your credit. Enter the amount from Form 140PTC, page 1, line 15. Include Form 140PTC with your return.

**TAX TIP:** *To claim a property tax credit, you must file your claim or extension request by April 18, 2017. You cannot claim this credit on an amended return if you file the amended return after the due date of your return.*

**Line 57 - Other Refundable Credits**

Enter the total amount of refundable credits you are claiming from any of the following:

- Credit for Increased Research Activities – Individuals (Form 308-I)
- Credit for Renewable Energy Industry (Form 342)
- Credit for Qualified Facilities (Form 349)

If you enter an amount on this line, be sure you check the box or boxes to show which credit(s) you are claiming. Also, be sure to include the credit form(s) with your return.

**Credit for Increased Research Activities - Individuals (Form 308-I)**

A portion of this credit is refundable. You may qualify for the refundable increased research activities credit if you incurred qualified research expenses for research conducted in Arizona. For more information about this credit, and to see whether you may claim a refund of this credit, see Arizona Form 308-I.

You must include a copy of your “Certificate of Qualification” from the Arizona Commerce Authority, Form 301 and Form 308-I with your return to claim this credit.

If you are claiming a refund of the increased research activities credit from Form 308-I, enter the amount from Form 308-I, Part 4, line 34, here.

**Credit for Renewable Energy Industry (Form 342)**

You may qualify for the refundable renewable energy industry credit if you expanded or located a qualified renewable energy operation in Arizona. The tax credit is refundable in five equal installments. Pre-approval and post-approval are required through the Arizona Commerce Authority. For more information about this credit, see Arizona Form 342.

If you are claiming the credit for renewable energy industry, from Form 342, enter the amount from Form 342, Part 6, line 18, here.

**Credit for Qualified Facilities (Form 349)**

You may qualify for the refundable qualified facilities credit if you expanded or located a qualified facility in Arizona. This credit is refundable in five equal installments. Pre-approval and post-approval are required through the Arizona Commerce Authority. For more information about this credit, see Arizona Form 349.

You must include a copy of your “Certification of Qualification” from the Arizona Commerce Authority and Form 349 with your tax return to claim this credit. If you are claiming a refund of the qualified facilities credit from Form 349, enter the amount from Form 349, Part 8, line 18, here.

**If you are claiming more than one of the refundable tax credits,** add the amounts from the credit forms together and enter the total on line 57. You may use the following table to figure the amount to enter on line 57.

<b>2016 - Refundable Credit Worksheet</b>	
1. Enter the refundable credit from Form 308-I, Part 4, line 34	
2. Enter the refundable credit from Form 342, Part 6, line 18.	
3. Enter the refundable credit from Form 349, Part 8, line 18.	
4. Add the amounts on lines 1 through 3. Enter the total here and on line 57.	

**Line 58 - Total Payments and Refundable Credits**

Line 58 is the total payments and refundable credits claimed. Add lines 52 through 57 and enter the total.

**Arizona’s Claim of Right Provision**

**NOTE:** *Arizona’s Claim of Right amount is now reported on line 53. See line 53 for instructions.*

**Figuring Your Tax Due or Overpayment**

**Line 59 - Tax Due**

If line 51 is more than line 58, you have tax due. Subtract line 58 from line 51 and enter the amount of tax due. Skip lines 60, 61 and 62.

**Line 60 - Overpayment**

If line 58 is more than line 51 you have an overpayment. Subtract line 51 from line 58 and enter the difference. Complete lines 61 and 62.

**Line 61 - Amount of Line 60 to Apply to 2017 Estimated Tax**

If you want all or part of your refund applied to next year's estimated taxes, enter that amount on line 61.

**NOTE:** *If you apply any of the amount shown on line 60 to 2017, you cannot use that amount to pay any tax that is later found to be due for 2016.*

*You also may not claim a refund for that amount until you file your 2017 return.*

**Line 62 - Balance of Overpayment**

Subtract line 61 from line 60 to determine your overpayment balance before voluntary gifts and any estimated payment penalty and/or Arizona Long-Term Health Care Savings Account (AZLTHSA) withdrawal penalty.



## Making Voluntary Gifts

You can make voluntary gifts to each of the funds shown below. A gift will reduce your refund or increase the amount due with your return.

**NOTE:** *If you make a gift, you cannot change the amount of that gift later on an amended return.*

### Line 63 - Solutions Teams Assigned to Schools Fund

You may give some or all of your refund to the Solutions Teams Assigned to Schools Fund. You may also give more than your entire refund. If you send in additional money with your return, include that amount on line 78. Enter the amount you want to donate on line 63.

Gifts go to the Arizona Assistance for Education Fund. The Arizona Board of Education will distribute money to the Arizona Department of Education to fund solutions teams assigned to schools.

### Line 64 - Arizona Wildlife Fund

You may give some or all of your refund to the Arizona Wildlife Fund. You may also give more than your entire refund. If you send in additional money with your return, include that amount on line 78. Enter the amount you want to donate on line 64.

Your gift to the Arizona Wildlife Fund helps protect wildlife in the state. Many species like bald eagles, Apache trout and black-footed ferrets benefit from your gifts to this fund. Gifts are also used to improve areas for watching wildlife statewide.

### Line 65 - Child Abuse Prevention Fund

You may give some or all of your refund to the Arizona Child Abuse Prevention Fund. You may also give more than your entire refund. If you send in additional money with your return, include that amount on line 78. Enter the amount you want to donate on line 65.

Gifts go to the Arizona Child Abuse Prevention Fund. This fund provides financial aid to community agencies for child abuse prevention programs.

### Line 66 - Domestic Violence Shelter Fund

You may give some or all of your refund to the Domestic Violence Shelter Fund. You may also give more than your entire refund. If you send in additional money with your return, include that amount on line 78. Enter the amount you want to donate on line 66.

Gifts go to the Domestic Violence Shelter Fund. This fund provides financial aid to shelters for victims of domestic violence.

### Line 67 - Political Gift

You may give some or all of your refund to a political party. You may also give more than your entire refund. If you send in additional money with your return, include that amount on line 78. Enter the amount you want to donate on line 67. If you donate to a political party, complete line 73.

Gifts go to one of the following political parties:

- Democratic
- Green Party
- Libertarian
- Republican

### Line 68 - Neighbors Helping Neighbors Fund

You may give some or all of your refund to the Neighbors Helping Neighbors Fund. You may also give more than your entire refund. If you send in additional money with your return, include that amount on line 78. Enter the amount you want to donate on line 68.

Gifts go to the Neighbors Helping Neighbors Fund. This fund provides eligible recipients with emergency aid in paying utility bills, conserving energy and weatherization.

### Line 69 - Special Olympics Fund

You may give some or all of your refund to the Special Olympics Fund. You may also give more than your entire refund. If you send in additional money with your return, include that amount on line 78. Enter the amount you want to donate on line 69.

Gifts go to the Special Olympics Fund. This fund helps provide programs of the Arizona Special Olympics.

### Line 70 - Veterans' Donations Fund

You may give some or all of your refund to the Veterans' Donations Fund. You may also give more than your entire refund. If you send in additional money with your return, include that amount on line 78. Enter the amount you want to donate on line 70.

Gifts go to the Veterans' Donations Fund, which may be used for veterans in Arizona.

### Line 71 - I Didn't Pay Enough Fund

You may give some or all of your refund to the I Didn't Pay Enough Fund. You may also give more than your entire refund. If you send in additional money with your return, include that amount on line 78. Enter the amount you want to donate on line 71.

Gifts that you make to the I Didn't Pay Enough Fund will aid the state by going to the Arizona general fund.

### Line 72 - Sustainable State Parks and Roads Fund

You may give some or all of your refund to the Sustainable State Parks and Roads Fund. You may also give more than your entire refund. If you send in additional money with your return, include that amount on line 78. Enter the amount you want to donate on line 72.

Gifts that you make to the Sustainable State Parks and Roads Fund will aid the state to operate, maintain and make capital improvements to buildings, roads, parking lots, highway entrances and any related structure used to operate state parks.

### Line 73 - Political Party

If you entered an amount on line 67, check the box for the political party to which you wish to give. Select only one party. If you do not select a political party, the department will return the amount on line 67.

**Line 74 -**

- Estimated Payment Penalty
- Arizona Long-Term Health Care Savings Account (AZLTHSA) Withdrawal Penalty

**Estimated Payment Penalty**

**NOTE:** Do not complete Form 221, Underpayment of Estimated Tax by Individuals, if the amount on Form 140, line 52 is more than the amount on Form 140, line 51. If the amount on Form 140, line 52, is more than the amount on Form 140, line 51, skip line 74, unless you must report an Arizona Long-Term Health Care Savings Account penalty.

You must have made Arizona estimated income tax payments during 2016 if:		
Your filing status is:	<b>AND</b> Your Arizona gross income for 2015 was greater than:	<b>AND</b> Your Arizona gross income for 2016 was greater than:
Married Filing Joint	\$150,000	\$150,000
Single	\$75,000	\$75,000
Head of Household	\$75,000	\$75,000
Married Filing Separate	\$75,000	\$75,000

If you report as a farmer or fisherman for federal purposes, you were not required to make estimated payments during 2016 if the following apply:

- You are a calendar year filer. You file your Arizona return by March 1, 2017. You pay in full the amount stated on your return as owed.
- You are a fiscal year filer. You file your Arizona return by the first day of the third month after the end of your fiscal year. You pay in full the amount stated on your return as owed.

**If the above applies, check Box 2 on line 75 and do not complete Form 221.**

An individual who fails to make the required estimated payments is subject to penalty on any estimated tax payment that is late or underpaid.

Complete and include Form 221, *Underpayment of Estimated Tax by Individuals*, to determine if any penalty is due. Enter the total penalty from Form 221.

**Arizona Long-Term Health Care Savings Account (AZLTHSA) Withdrawal Penalty**

You must pay a withdrawal penalty if you made a long-term health care savings account withdrawal during 2016 from a long-term health care savings account, established under Arizona law, for purposes other than to pay for qualified long-term health care expenses. *Long-term health care expense* means any expense you paid for long-term health care costs, including the following:

- expenses for skilled nursing care,
- expenses for home health care, and
- personal care or supportive services due to the loss of some capacity for self-care based on a chronic illness or condition.

The penalty is equal to 10% (.10) of the withdrawal. You must remit this penalty with your income tax return filed for the year in which you made the withdrawal.

Multiply the amount of your withdrawal subject to penalty by 10%. Enter the result.

**NOTE:** If you are subject to both the estimated payment penalty and the AZLTHSA penalty, add the penalty amounts together and enter the total on line 74.

**Line 75 - Box 751 through 754**

**Box 751:** check if any of the following applies to you:

1. You checked the box on line 1 of Form 221.
2. You completed the annualized income worksheet on Form 221.
3. You elected to be treated as a nonresident alien on your federal income tax return. You made three estimated payment installments. Your first installment equaled 50% of the total of all of your required installments.

**Box 752:** check if you are an individual who for federal purposes reports as a farmer or fisherman.


**Box 753:** check if you completed and included Form 221.

**Box 754:** check if you included an Arizona Long-Term HSA penalty on line 74.

**Line 76 -**

Add lines 63 through 72 and 74. Enter the total.

**Figuring Your Refund or Amount Owed**

 You can get your refund quicker when you *e-file* and use direct deposit.

**Line 77 - Refund**

Subtract line 76 from line 62. Enter your refund on line 77 and skip line 78.

If you owe money to any Arizona state agency, court, county, incorporated city or town and certain federal agencies, your refund may go to pay some of that debt. If so, the department will let you know by letter.

**Tax Tip:** If you change your address before you get your refund, let the department know. Write to: Refund Desk, Arizona Department of Revenue, PO Box 29216, Phoenix, AZ 85038-9216. Include your SSN in your letter.

**Direct Deposit of Refund**

Complete the direct deposit line if you want us to directly deposit the amount shown on line 77 into your account at a bank or other financial institution (such as a mutual fund, brokerage firm or credit union) instead of sending you a check.

**NOTE:** Check the box on line 77A if the direct deposit will ultimately be placed in a foreign account. If you check box 77A, do not enter your routing or account numbers. If this box is checked, we will not direct deposit your refund. We will send you a check instead.

**Why use Direct Deposit?**

- You will get your refund fast – even faster if you e-file!
- Payment is more secure - there is no check to get lost.
- It is more convenient. No trip to the bank to deposit your check.
- It saves tax dollars. A refund by direct deposit costs less to process than a check.

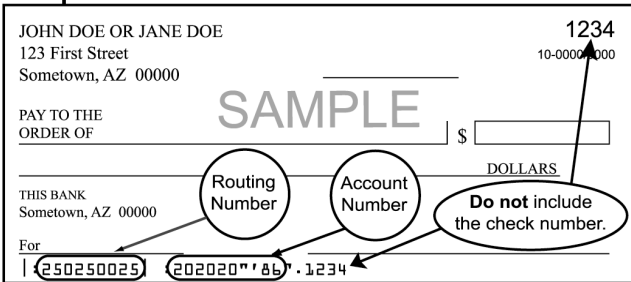
**NOTE:** *We are not responsible for a lost refund if you enter the wrong account information. Check with your financial institution to get the correct routing and account numbers and to make sure your direct deposit will be accepted.*

**Routing Number**

**MAKE SURE YOU ENTER THE CORRECT ROUTING NUMBER**

The routing number must be nine digits. The first 2 digits must be 01 through 12 or 21 through 32. Otherwise, the direct deposit will be rejected and a check sent instead. On the following sample check, the routing number is 250250025.

**Sample Check**



**Note:** *The routing and account numbers may be in different places on your check.*

Your check may state that it is payable through a financial institution different from the one at which you have your checking account. If so, do not use the routing number on that check. Instead, contact your financial institution for the correct routing number to enter here.

**Account Number**

**MAKE SURE YOU ENTER THE CORRECT ACCOUNT NUMBER.**

The account number can be up to 17 characters (both numbers and letters). DO NOT include hyphens, spaces or special symbols. Enter the number from left to right and leave any unused boxes blank. On the sample check the account number is 20202086. Be sure **not** to include the check number.

**NOTE:** *If the direct deposit is rejected, a check will be mailed instead.*

**Line 78 - Amount Owed**

Add lines 59 and 76. Enter the amount you owe on line 78. If you are making voluntary donations on lines 63 through 72 in excess of your overpayment, enter the difference on line 78. You may pay the amount owed only with a check or money order, electronic check, or credit card.

**Check or money order**

Include your check or money order with your return. Please do not send cash.

Make your check payable to Arizona Department of Revenue. Write your SSN and tax year on the front of your check or money order. It may take 2-3 weeks for your payment to process.

The department cannot accept checks or money orders in foreign currency. You must make payment in U.S. dollars.

**Electronic payment from your checking or savings account**

You can make an electronic payment from your checking or savings account to pay your balance due for 2016. There is no fee to use this method. To make an electronic payment, go to [www.AZTaxes.gov](http://www.AZTaxes.gov) and click on the “Make a Payment” link.

Be sure to enter the correct routing number and account number for your checking or savings account. You will be charged a \$25 NSF (non-sufficient funds) fee if you provide an incorrect routing number or an incorrect account number. Check with your financial institution to get the correct account and routing numbers.

The “E-Check” option in the “Payment Method” drop-down box will debit the amount from the checking or savings account that you specify. If you make an electronic payment from your checking or savings account, you will receive a confirmation number. **Please keep this confirmation number as proof of payment.**

**NOTE:** *You may not make an electronic payment from your checking or savings account if the payment will ultimately be coming from a foreign account. In this case, you must pay by check or money order.*

**Credit card payment**

You can pay with your Visa, MasterCard, Discover, or American Express credit card. Go to [www.AZTaxes.gov](http://www.AZTaxes.gov) and click on the “Make a Payment” link and choose the credit card option. This will take you to a third party vendor site (provider). The provider **will charge** you a convenience fee based on the amount of your tax payment. The provider will tell you what the fee is during the transaction; you will have the option to continue or cancel the transaction. If you complete the credit card transaction, you will receive a confirmation number. **Please keep this confirmation number as proof of payment.**

**Installment payments**

If you cannot pay the full amount shown on line 78 when you file, you may ask to make monthly installment payments. To make this request, complete Arizona Form 140-IA and mail the completed form to the address listed on Form 140-IA. **Do not mail Form 140-IA with your income tax return.** You may obtain Arizona Form 140-IA from our website at [www.azdor.gov](http://www.azdor.gov).

If you cannot pay the full amount shown on line 78, you will be charged interest and may be charged a late payment penalty on the tax not paid by April 18, 2017. To limit the interest and penalty charges, pay as much of the tax as possible when you file your return.

## Sign your return

You must sign your return. If married filing a joint return, both you and your spouse must sign even if only one had income. Form 140 is not considered a valid return unless you sign it. The department cannot send a refund check without proper signatures on the return.

## Instructions before mailing

- **DO NOT STAPLE YOUR RETURN OR ANY SCHEDULE, FORM OR PAYMENT TO YOUR RETURN.**
- Make sure your **NAME** is on the return.
- Make sure your **SSN** is on your return.
- Be sure you enter your daytime telephone number in the space provided on the front of your return.
- Check to make sure that your math is correct. A math error can cause delays in processing your return.
- If claiming **dependent** exemptions, write the number of dependents claimed on the **front** of the return. On page 1 of the return, also write each dependent's name, relationship, SSN, and the number of months that he or she lived in your home. If more space is needed, complete page 3 and include with your return.
- If claiming exemptions for **qualifying parents or grandparents**, write the number of qualifying parents or grandparents claimed on the **front** of the return. On page 1 of the return, also write each parent's or grandparent's name, relationship, SSN, and the number of months that he or she lived in your home. If more space is needed, complete page 3 and include with your return.
- Check the **boxes** to make sure you filled in all required boxes.
- If you requested a filing extension, make sure that you check box **82F** on page 1 of the return.
- Sign your return and have your spouse sign, if filing jointly.
- Write your SSN and tax year on the front of your check. Include your check with your return.

The Department of Revenue may charge you \$25 for a check returned unpaid by your financial institution.

- Include all required documents after your return. Please do not use tape. Documents you must include are those items listed in numbers 1 through 6.
  1. Include Form(s) W-2 after the last page of your return. Also include Form(s) 1099-R after the last page of your return if you had Arizona tax withheld from your pension or annuity.
  2. Include Arizona Form 301, applicable credit forms, and your own schedules after page 2 (or 3) of your return. If itemizing, include these forms after your Arizona Schedule A and your federal Schedule A.
  3. If claiming a credit for taxes paid to another state or country include a copy of the other state's or country's filed return.

4. If you itemize, be sure to include a copy of the federal Schedule A. Include the Arizona Schedule A and the federal Schedule A directly after page 2 (or 3) of your return. Include other forms and schedules behind the Schedules A.
  5. If you are claiming a property tax credit, include a completed Form 140PTC and all required documents.
  6. If you have tax exempt interest income, be sure to include a schedule listing the payors and the amount received from each payor.
- Do **not** include correspondence with your return.

## Mailing Your Return

If you are mailing your return, make a copy of your return before mailing. Also make a copy of any schedules that you are including with your return. Keep the copies for your records. Be sure that you mail the original and not a copy.

To avoid delays, if mailing more than one tax return please use separate envelopes for each return.

### Where should I mail my return?

If you are **including a payment with this return**, mail the return to:

Arizona Department of Revenue  
PO Box 52016  
Phoenix, AZ 85072-2016

If you are **expecting a refund, or owe no tax, or owe tax but are not including a payment**, mail the return to:

Arizona Department of Revenue  
PO Box 52138  
Phoenix, AZ 85072-2138

### Make sure you put enough postage on the envelope

The U.S. Post Office or United States mail service must postmark your return or extension request by midnight April 18, 2017.

The term "United States mail" includes any private delivery service designated by the United States Secretary of the Treasury pursuant to Internal Revenue Code § 7502(f) and the term "postmark" includes any date recorded or marked by any such designated delivery service.

An income tax return that is mailed to the department is timely filed if it is delivered on or before its due date. Additionally, if the envelope or wrapper containing the return sent through the United States mail bears a postmark of the United States mail and that tax return is delivered to the department after its due date that return will be considered timely filed if **all** of the following apply:

1. The return was deposited in an official depository of the United States mail;
2. The date of the postmark is no later than the due date;
3. The return was properly addressed; and
4. The return had proper postage.

If the envelope or wrapper containing a return sent through the United States mail bears a private meter postmark made by other than the United States mail, the return is treated as timely filed if both of the following apply:

1. The private meter postmark bears a date on or before the due date for filing; and
2. The return is received no later than the time it would ordinarily have been received from the same point of origin by the same class of U.S. postage. If the return is received by the department within five business days of the private meter postmark date the department will consider this requirement satisfied.

You may also use certain private delivery services designated by the IRS to meet the “timely mailing as timely filed” rule.

For more information, see the department’s ruling, GTR 16-1, *Timely Filing of Income or Withholding Tax Returns Through the United States Mail*.

### **How long to keep your return**

You must keep your records as long as they may be needed for the administration of any provision of Arizona tax law. Generally, this means you must keep records that support items shown on your return until the period of limitations for that return runs out.

The period of limitations is the period of time in which you can amend your return to claim a credit or refund or the department can assess additional tax. A period of limitations is the limited time after which no legal action can be brought. Usually, this is four years from the date the return was due or filed.

In some cases, the limitation period is longer than four years. The period is six years from when you file a return if you under report the income shown on that return by more than 25% (.25). The department can bring an action at any time if a return is false or fraudulent, or if you do not file a return. To find out more about what records you should keep, get federal Publication 552.

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### **Where’s my refund?**

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You can check on your refund by visiting [www.azdor.gov](http://www.azdor.gov) or [www.AZTaxes.gov](http://www.AZTaxes.gov) and clicking on “Where’s my refund?” or you may call one of the numbers listed on page 1 of these instructions. Before you call, be sure to have a copy of your 2016 tax return on hand. You will need to know your SSN, your filing status and your 5-digit ZIP Code.

### **Contacting the Department**

Your tax information on file with the department is confidential. If you want the department to discuss your tax matters with someone other than yourself, you must authorize the department to release confidential information to that person.

You may use Arizona Form 285 to authorize the department to release confidential information to your appointee. See Form 285 for details.

**HOW MUCH INCOME CAN YOU HAVE AND PAY NO TAXES?**

**EXAMPLES**

You still have to file a return, but you pay no taxes, if your income is less than the levels shown in the chart below. **For purposes of this chart**, “income” means Arizona adjusted gross income plus the dependent exemption claimed (Form 140, page 2, line 42 plus the amount on Form 140, page 2, line 40; or Form 140A, page 1, line 17, plus the amount on Form 140A, page 1, line 15, or Form 140EZ, page 1, line 6). *To rely on this chart, you must claim the family income tax credit, if you qualify.*

FILING STATUS				
NUMBER OF DEPENDENTS	SINGLE	MARRIED FILING SEPARATE	UNMARRIED HEAD OF HOUSEHOLD	MARRIED FILING JOINT
0	\$ 8,748	\$ 8,748	N/A	\$ 17,488
1	(A) 10,000	10,568	19,788	20,000
2	11,818	12,868	20,135	23,600
3	14,118	15,168	23,800	27,300
4	16,418	17,468	25,200	(C) 31,000
5	18,718	19,768	(B) 26,575	31,000

	(A) single, \$10,000 income*, one dependent	(B) unmarried head of household, \$26,575 income*, five dependents	(C) married filing joint, \$31,000 income*, four dependents
Income*	\$ 10,000	\$ 26,575	\$ 31,000
less: Dependent exemption	-2,300	-11,500	-9,200
Standard deduction	-5,099	-10,189	-10,189
Personal exemption	-2,100	-4,200	-6,300
Net taxable income	\$ 501	\$ 686	\$ 5,311
Tax (optional tax table)	\$ 14	\$ 17	\$ 138
less: Family tax credit	-80	-240	-240
<b>Tax owed</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

\*For purposes of these examples, “income” means Arizona adjusted gross income plus the dependent exemption amount claimed.

## Worksheet for Net Long-Term Capital Gain Subtraction for Assets Acquired After December 31, 2011

 2016 Original return       2016 Amended return

Long-Term Capital Gain or (loss) as reported on federal Schedule D (or other form/schedule) and included in computation of federal adjusted gross income. <i>Enter the total net long-term capital gains or (losses) from the following forms in each applicable column. See page 30 for instructions.</i>		(a) Total net long-term capital gains or (losses) from all assets	(b) Net long-term capital gains or (losses) included in column (a) from assets acquired before January 1, 2012	(c) Net long-term capital gains or (losses) included in column (a) from assets acquired after December 31, 2011
1	Form(s) 8949 <i>Sales and Other Dispositions of Capital Assets; and Form(s) 1099-B, Proceeds from Broker and Barter Exchange Transactions, for long-term transactions directly reported on federal Schedule D.</i> 1			
2	Form(s) 4797 <i>Sales of Business Property</i> 2			
3	Form(s) 2439 <i>Notice to Shareholder of Undistributed Long-Term Capital Gains</i> 3			
4	Form(s) 6252 <i>Installment Sale Income</i> 4			
5	Form(s) 4684 <i>Casualties and Thefts</i> 5			
6	Form(s) 6781 <i>Gains and Losses from Sec. 1256 Contracts and Straddles</i> 6			
7	Form(s) 8824 <i>Like-Kind Exchanges</i> 7			
8	Partnerships, S corporations, estates, and trusts – from AZ 120S Schedule K-1; AZ 165 Schedule K-1; and AZ 141 Schedule K-1 8			
9	Form(s) 1099-DIV <i>Dividends and Distributions</i> 9			
10	Subtotal: for each column, combine the amounts and enter the total. 10			
11	Long-term capital loss carryover. See the instructions for the amount(s) to enter, if any, in each applicable column. 11			
12	Subtract line 11 from line 10 and enter the difference in each applicable column. 12			
13	For amount to enter on line 13, column (c), see the worksheet instructions. 13			
14	<p><b>Net long-term capital gain or (loss) included in computation of your federal adjusted gross income.</b> Subtract line 13 from line 12 and enter the difference in each applicable column.</p> <ul style="list-style-type: none"> <li>If the amount on line 14, column (c) is a net capital (loss), you do not qualify to take the subtraction.</li> <li>If the amount on line 14, column (c) is a net capital gain, enter the result on Form 140, line 21.</li> </ul> <p>Also enter the amount from line 14, column (a) on Form 140, line 20.</p> <p style="text-align: right;">14</p>			

## Instructions for completing the worksheet for the subtraction from Arizona gross income for net long-term capital gain from assets acquired after December 31, 2011.

### Purpose of the Worksheet

You may subtract a percentage of any net long-term capital gain included in your federal adjusted gross income that is from an investment in an asset acquired after December 31, 2011. For tax year 2016, the percentage is 25% (.25).

For purposes of this subtraction, “*qualified*” means an Arizona asset that was acquired *after* December 31, 2011.

To take the allowable subtraction, you must know whether the capital gain or (loss) is considered short-term or long-term. Only the net long-term capital gain from assets acquired *after* December 31, 2011, is used to compute the allowable subtraction. For more information about determining whether a gain or (loss) is short term or long term, see federal Publication 544 at [www.irs.gov](http://www.irs.gov).

If you cannot verify that the capital gain is from the sale of an asset acquired after December 31, 2011, then the capital gain should be included in column (b) of the worksheet as a capital gain from an asset acquired before January 1, 2012.

An asset acquired by gift or inheritance is considered acquired on the date it was acquired by the gift-giver or the deceased individual.

### Who Should Complete the Worksheet?

You *must* complete this worksheet to take the allowable subtraction if you have a net capital gain included in your federal adjusted gross income and the gain includes assets purchased *after* December 31, 2011.

Do *not* complete this worksheet if either of the following applies:

- You do not have any capital gains to report for the current tax year.
- You do not have any net capital gain from asset(s) acquired *after* December 31, 2011, to report for the current tax year.

### General Instructions

1. Check the box if this worksheet is for an original or an amended return.
2. Keep this worksheet for your records.

### Line-by-Line Instructions

Lines 1 through 8 lists the federal forms reported on Schedule D. Line 9 identifies the total capital gain distribution(s) reported on Form(s) 1099-DIV.

- **Column (a)** is the **total** amount of long-term capital gains or (losses) reported on federal Schedule D or other forms/schedules.

- **Column (b)** is the amount of the long-term capital gains or (losses), included in column (a) for assets acquired *before* January 1, 2012.
- **Column (c)** is the amount of the long-term capital gains or (losses), included in column (a) for assets acquired *after* December 31, 2011.

### Lines 1 through 8 - Capital Gains or (Losses) Reported on Federal Schedule D.

Enter the long-term capital gain or (loss) from the federal form listed that was reported on your federal Schedule D and included in the computation of your federal adjusted gross income.

### Line 9 - Long-Term Capital Gains or (Losses)

Capital gains listed on a 1099-DIV are gains passed on from a fund, such as a mutual fund, from the sale of assets within the fund. Generally, such funds do not provide the information needed to determine when the asset that was sold was acquired. In this situation, the capital gains will be considered as acquired before January 1, 2012, and would not qualify for this subtraction.

Enter the total capital gain distribution(s) reported on Form(s) 1099-DIV and included in your computation of federal adjusted gross income.

**NOTE:** *Some taxpayers are not required to file federal Schedule D to report certain capital gains or (losses). In these cases, the long-term capital gains or (losses) are reported directly on the taxpayer's income tax return. Enter those items on line 9 of the worksheet.*

### Line 10 - Subtotal

For each column, combine the amounts listed on lines 1 through 9 and enter the total.

### Line 11 - Long-Term Capital Loss Carryover

- Column (a), enter the total amount of long-term capital loss carryover *actually used* on the federal return for the current table year.
- Column (b), enter the portion from column (a) that is from assets acquired before January 1, 2012.
- Column (c), enter the portion from column (a) that is from assets acquired after December 31, 2011.

### Line 12 -

Subtract line 11 from line 10 and enter the difference in each applicable column.

### Line 13 - Net Capital Gain from Investment in Qualified Small Businesses

To determine the amount to enter on line 13, column (c), answer the following questions.

Did you take a subtraction for any net capital gain included in federal adjusted gross income for the taxable year derived from investment in a qualified small business on Arizona Form 140, line 23?

- If “No”, enter zero on line 13, column (c).



- If “Yes”, does that amount include any net long-term capital gain from an investment made *after* December 31, 2011?
  - If “No”, enter zero on line 13, column (c).
  - If “Yes”, enter on line 13, column (c) the amount of any net long-term capital gain from an investment made *after* December 31, 2011, and included in the amount subtracted on Arizona Form 140, line 23.

**Line 14 - Net Long-Term Capital Gain or (Loss)**

Subtract line 13 from line 12 and enter the difference in each applicable column.

- If the amount on line 14, column (c) is a negative number, you have a net capital loss. You do not qualify to take the subtraction.
- If the amount on line 14, column (c) is a positive number, you have a net long-term capital gain. Enter the result on Form 140, line 21.

Also, enter the amount from line 14, column (a) on Form 140, line 20.

## 2016 Optional Tax Tables

**If your taxable income is less than \$50,000, use the Optional Tax Tables. If your taxable income is \$50,000 or more, use Tax Table X or Y. Also, if your taxable income is \$50,000 or more, you cannot use Form 140EZ or Form 140A to file for 2016. In this case, you must file using Form 140.**

**To Find Your Tax:** Read down the income column until you find your taxable income shown on Form 140, line 45. Read across until you find your filing status as shown on Form 140. Enter the tax on Form 140, line 46.

**Example:** Mr. and Mrs. Timely are filing a joint return. Their taxable income on Form 140, line 45 is \$19,360. First, they find the \$19,350-\$19,400 income line. Next they find the column for married filing jointly and read down the column. The amount shown where the income lines and filing status column meet is \$502. This is the tax amount they must write on Form 140, line 46.

At Least	But less than	Single or Married Filing Separately	Married Filing Jointly or Head of Household
<b>Your Tax Is -</b>			
<b>19,300</b>	<b>19,350</b>	528	501
<b>19,350</b>	<b>19,400</b>	529	<b>502</b>
<b>19,400</b>	<b>19,450</b>	530	503

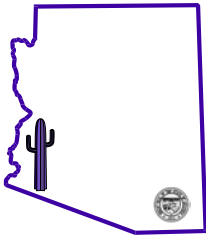
At least	But less than	Single or Married Filing Separately	Married Filing Jointly or Head of Household	At least	But less than	Single or Married Filing Separately	Married Filing Jointly or Head of Household	At least	But less than	Single or Married Filing Separately	Married Filing Jointly or Head of Household
<b>If less than \$20 tax is 0</b>				<b>\$2,000</b>				<b>\$4,000</b>			
<b>Your Tax Is</b>				<b>Your Tax Is</b>				<b>Your Tax Is</b>			
20	50	1	1	2,000	2,050	52	52	4,000	4,050	104	104
50	100	2	2	2,050	2,100	54	54	4,050	4,100	106	106
100	150	3	3	2,100	2,150	55	55	4,100	4,150	107	107
150	200	5	5	2,150	2,200	56	56	4,150	4,200	108	108
200	250	6	6	2,200	2,250	58	58	4,200	4,250	109	109
250	300	7	7	2,250	2,300	59	59	4,250	4,300	111	111
300	350	8	8	2,300	2,350	60	60	4,300	4,350	112	112
350	400	10	10	2,350	2,400	62	62	4,350	4,400	113	113
400	450	11	11	2,400	2,450	63	63	4,400	4,450	115	115
450	500	12	12	2,450	2,500	64	64	4,450	4,500	116	116
500	550	14	14	2,500	2,550	65	65	4,500	4,550	117	117
550	600	15	15	2,550	2,600	67	67	4,550	4,600	118	118
600	650	16	16	2,600	2,650	68	68	4,600	4,650	120	120
650	700	17	17	2,650	2,700	69	69	4,650	4,700	121	121
700	750	19	19	2,700	2,750	71	71	4,700	4,750	122	122
750	800	20	20	2,750	2,800	72	72	4,750	4,800	124	124
800	850	21	21	2,800	2,850	73	73	4,800	4,850	125	125
850	900	23	23	2,850	2,900	74	74	4,850	4,900	126	126
900	950	24	24	2,900	2,950	76	76	4,900	4,950	128	128
950	1,000	25	25	2,950	3,000	77	77	4,950	5,000	129	129
<b>\$1,000</b>				<b>\$3,000</b>				<b>\$5,000</b>			
<b>Your Tax Is</b>				<b>Your Tax Is</b>				<b>Your Tax Is</b>			
1,000	1,050	27	27	3,000	3,050	78	78	5,000	5,050	130	130
1,050	1,100	28	28	3,050	3,100	80	80	5,050	5,100	131	131
1,100	1,150	29	29	3,100	3,150	81	81	5,100	5,150	133	133
1,150	1,200	30	30	3,150	3,200	82	82	5,150	5,200	134	134
1,200	1,250	32	32	3,200	3,250	84	84	5,200	5,250	135	135
1,250	1,300	33	33	3,250	3,300	85	85	5,250	5,300	137	137
1,300	1,350	34	34	3,300	3,350	86	86	5,300	5,350	138	138
1,350	1,400	36	36	3,350	3,400	87	87	5,350	5,400	139	139
1,400	1,450	37	37	3,400	3,450	89	89	5,400	5,450	141	141
1,450	1,500	38	38	3,450	3,500	90	90	5,450	5,500	142	142
1,500	1,550	39	39	3,500	3,550	91	91	5,500	5,550	143	143
1,550	1,600	41	41	3,550	3,600	93	93	5,550	5,600	144	144
1,600	1,650	42	42	3,600	3,650	94	94	5,600	5,650	146	146
1,650	1,700	43	43	3,650	3,700	95	95	5,650	5,700	147	147
1,700	1,750	45	45	3,700	3,750	96	96	5,700	5,750	148	148
1,750	1,800	46	46	3,750	3,800	98	98	5,750	5,800	150	150
1,800	1,850	47	47	3,800	3,850	99	99	5,800	5,850	151	151
1,850	1,900	49	49	3,850	3,900	100	100	5,850	5,900	152	152
1,900	1,950	50	50	3,900	3,950	102	102	5,900	5,950	153	153
1,950	2,000	51	51	3,950	4,000	103	103	5,950	6,000	155	155

At least	But less than	Single or Married Filing Separately	Married Filing Jointly or Head of Household	At least	But less than	Single or Married Filing Separately	Married Filing Jointly or Head of Household	At least	But less than	Single or Married Filing Separately	Married Filing Jointly or Head of Household
<b>\$6,000 Your Tax Is</b>				<b>\$9,000 Your Tax Is</b>				<b>\$12,000 Your Tax Is</b>			
6,000	6,050	156	156	9,000	9,050	234	234	12,000	12,050	316	311
6,050	6,100	157	157	9,050	9,100	235	235	12,050	12,100	318	313
6,100	6,150	159	159	9,100	9,150	236	236	12,100	12,150	319	314
6,150	6,200	160	160	9,150	9,200	238	238	12,150	12,200	321	315
6,200	6,250	161	161	9,200	9,250	239	239	12,200	12,250	322	317
6,250	6,300	163	163	9,250	9,300	240	240	12,250	12,300	324	318
6,300	6,350	164	164	9,300	9,350	242	242	12,300	12,350	325	319
6,350	6,400	165	165	9,350	9,400	243	243	12,350	12,400	326	321
6,400	6,450	166	166	9,400	9,450	244	244	12,400	12,450	328	322
6,450	6,500	168	168	9,450	9,500	245	245	12,450	12,500	329	323
6,500	6,550	169	169	9,500	9,550	247	247	12,500	12,550	331	324
6,550	6,600	170	170	9,550	9,600	248	248	12,550	12,600	332	326
6,600	6,650	172	172	9,600	9,650	249	249	12,600	12,650	334	327
6,650	6,700	173	173	9,650	9,700	251	251	12,650	12,700	335	328
6,700	6,750	174	174	9,700	9,750	252	252	12,700	12,750	336	330
6,750	6,800	175	175	9,750	9,800	253	253	12,750	12,800	338	331
6,800	6,850	177	177	9,800	9,850	254	254	12,800	12,850	339	332
6,850	6,900	178	178	9,850	9,900	256	256	12,850	12,900	341	333
6,900	6,950	179	179	9,900	9,950	257	257	12,900	12,950	342	335
6,950	7,000	181	181	9,950	10,000	258	258	12,950	13,000	344	336
<b>\$7,000 Your Tax Is</b>				<b>\$10,000 Your Tax Is</b>				<b>\$13,000 Your Tax Is</b>			
7,000	7,050	182	182	10,000	10,050	260	260	13,000	13,050	345	337
7,050	7,100	183	183	10,050	10,100	261	261	13,050	13,100	347	339
7,100	7,150	185	185	10,100	10,150	262	262	13,100	13,150	348	340
7,150	7,200	186	186	10,150	10,200	263	264	13,150	13,200	349	341
7,200	7,250	187	187	10,200	10,250	264	265	13,200	13,250	351	343
7,250	7,300	188	188	10,250	10,300	266	266	13,250	13,300	352	344
7,300	7,350	190	190	10,300	10,350	267	267	13,300	13,350	354	345
7,350	7,400	191	191	10,350	10,400	269	269	13,350	13,400	355	346
7,400	7,450	192	192	10,400	10,450	270	270	13,400	13,450	357	348
7,450	7,500	194	194	10,450	10,500	272	271	13,450	13,500	358	349
7,500	7,550	195	195	10,500	10,550	273	273	13,500	13,550	360	350
7,550	7,600	196	196	10,550	10,600	275	274	13,550	13,600	361	352
7,600	7,650	197	197	10,600	10,650	276	275	13,600	13,650	362	353
7,650	7,700	199	199	10,650	10,700	277	276	13,650	13,700	364	354
7,700	7,750	200	200	10,700	10,750	279	278	13,700	13,750	365	355
7,750	7,800	201	201	10,750	10,800	280	279	13,750	13,800	367	357
7,800	7,850	203	203	10,800	10,850	282	280	13,800	13,850	368	358
7,850	7,900	204	204	10,850	10,900	283	282	13,850	13,900	370	359
7,900	7,950	205	205	10,900	10,950	285	283	13,900	13,950	371	361
7,950	8,000	207	207	10,950	11,000	286	284	13,950	14,000	372	362
<b>\$8,000 Your Tax Is</b>				<b>\$11,000 Your Tax Is</b>				<b>\$14,000 Your Tax Is</b>			
8,000	8,050	208	208	11,000	11,050	288	286	14,000	14,050	374	363
8,050	8,100	209	209	11,050	11,100	289	287	14,050	14,100	375	365
8,100	8,150	210	210	11,100	11,150	290	288	14,100	14,150	377	366
8,150	8,200	212	212	11,150	11,200	292	289	14,150	14,200	378	367
8,200	8,250	213	213	11,200	11,250	293	291	14,200	14,250	380	368
8,250	8,300	214	214	11,250	11,300	295	292	14,250	14,300	381	370
8,300	8,350	216	216	11,300	11,350	296	293	14,300	14,350	383	371
8,350	8,400	217	217	11,350	11,400	298	295	14,350	14,400	384	372
8,400	8,450	218	218	11,400	11,450	299	296	14,400	14,450	385	374
8,450	8,500	220	220	11,450	11,500	300	297	14,450	14,500	387	375
8,500	8,550	221	221	11,500	11,550	302	298	14,500	14,550	388	376
8,550	8,600	222	222	11,550	11,600	303	300	14,550	14,600	390	377
8,600	8,650	223	223	11,600	11,650	305	301	14,600	14,650	391	379
8,650	8,700	225	225	11,650	11,700	306	302	14,650	14,700	393	380
8,700	8,750	226	226	11,700	11,750	308	304	14,700	14,750	394	381
8,750	8,800	227	227	11,750	11,800	309	305	14,750	14,800	396	383
8,800	8,850	229	229	11,800	11,850	311	306	14,800	14,850	397	384
8,850	8,900	230	230	11,850	11,900	312	308	14,850	14,900	398	385
8,900	8,950	231	231	11,900	11,950	313	309	14,900	14,950	400	387
8,950	9,000	232	232	11,950	12,000	315	310	14,950	15,000	401	388

At least	But less than	Single or Married Filing Separately	Married Filing Jointly or Head of Household	At least	But less than	Single or Married Filing Separately	Married Filing Jointly or Head of Household	At least	But less than	Single or Married Filing Separately	Married Filing Jointly or Head of Household
<b>\$15,000 Your Tax Is</b>				<b>\$18,000 Your Tax Is</b>				<b>\$21,000 Your Tax Is</b>			
15,000	15,050	403	389	18,000	18,050	489	467	21,000	21,050	576	547
15,050	15,100	404	390	18,050	18,100	491	468	21,050	21,100	577	548
15,100	15,150	406	392	18,100	18,150	492	469	21,100	21,150	578	549
15,150	15,200	407	393	18,150	18,200	493	471	21,150	21,200	580	551
15,200	15,250	408	394	18,200	18,250	495	472	21,200	21,250	581	552
15,250	15,300	410	396	18,250	18,300	496	473	21,250	21,300	583	554
15,300	15,350	411	397	18,300	18,350	498	475	21,300	21,350	584	555
15,350	15,400	413	398	18,350	18,400	499	476	21,350	21,400	586	557
15,400	15,450	414	400	18,400	18,450	501	477	21,400	21,450	587	558
15,450	15,500	416	401	18,450	18,500	502	479	21,450	21,500	588	559
15,500	15,550	417	402	18,500	18,550	504	480	21,500	21,550	590	561
15,550	15,600	419	403	18,550	18,600	505	481	21,550	21,600	591	562
15,600	15,650	420	405	18,600	18,650	506	482	21,600	21,650	593	564
15,650	15,700	421	406	18,650	18,700	508	484	21,650	21,700	594	565
15,700	15,750	423	407	18,700	18,750	509	485	21,700	21,750	596	567
15,750	15,800	424	409	18,750	18,800	511	486	21,750	21,800	597	568
15,800	15,850	426	410	18,800	18,850	512	488	21,800	21,850	599	570
15,850	15,900	427	411	18,850	18,900	514	489	21,850	21,900	600	571
15,900	15,950	429	412	18,900	18,950	515	490	21,900	21,950	601	572
15,950	16,000	430	414	18,950	19,000	516	491	21,950	22,000	603	574
<b>\$16,000 Your Tax Is</b>				<b>\$19,000 Your Tax Is</b>				<b>\$22,000 Your Tax Is</b>			
16,000	16,050	432	415	19,000	19,050	518	493	22,000	22,050	604	575
16,050	16,100	433	416	19,050	19,100	519	494	22,050	22,100	606	577
16,100	16,150	434	418	19,100	19,150	521	495	22,100	22,150	607	578
16,150	16,200	436	419	19,150	19,200	522	497	22,150	22,200	609	580
16,200	16,250	437	420	19,200	19,250	524	498	22,200	22,250	610	581
16,250	16,300	439	422	19,250	19,300	525	499	22,250	22,300	612	583
16,300	16,350	440	423	19,300	19,350	527	501	22,300	22,350	613	584
16,350	16,400	442	424	19,350	19,400	528	502	22,350	22,400	614	585
16,400	16,450	443	425	19,400	19,450	529	503	22,400	22,450	616	587
16,450	16,500	444	427	19,450	19,500	531	504	22,450	22,500	617	588
16,500	16,550	446	428	19,500	19,550	532	506	22,500	22,550	619	590
16,550	16,600	447	429	19,550	19,600	534	507	22,550	22,600	620	591
16,600	16,650	449	431	19,600	19,650	535	508	22,600	22,650	622	593
16,650	16,700	450	432	19,650	19,700	537	510	22,650	22,700	623	594
16,700	16,750	452	433	19,700	19,750	538	511	22,700	22,750	624	595
16,750	16,800	453	434	19,750	19,800	540	512	22,750	22,800	626	597
16,800	16,850	455	436	19,800	19,850	541	513	22,800	22,850	627	598
16,850	16,900	456	437	19,850	19,900	542	515	22,850	22,900	629	600
16,900	16,950	457	438	19,900	19,950	544	516	22,900	22,950	630	601
16,950	17,000	459	440	19,950	20,000	545	517	22,950	23,000	632	603
<b>\$17,000 Your Tax Is</b>				<b>\$20,000 Your Tax Is</b>				<b>\$23,000 Your Tax Is</b>			
17,000	17,050	460	441	20,000	20,050	547	519	23,000	23,050	633	604
17,050	17,100	462	442	20,050	20,100	548	520	23,050	23,100	635	606
17,100	17,150	463	444	20,100	20,150	550	521	23,100	23,150	636	607
17,150	17,200	465	445	20,150	20,200	551	523	23,150	23,200	637	608
17,200	17,250	466	446	20,200	20,250	552	524	23,200	23,250	639	610
17,250	17,300	468	447	20,250	20,300	554	525	23,250	23,300	640	611
17,300	17,350	469	449	20,300	20,350	555	526	23,300	23,350	642	613
17,350	17,400	470	450	20,350	20,400	557	528	23,350	23,400	643	614
17,400	17,450	472	451	20,400	20,450	558	529	23,400	23,450	645	616
17,450	17,500	473	453	20,450	20,500	560	531	23,450	23,500	646	617
17,500	17,550	475	454	20,500	20,550	561	532	23,500	23,550	648	619
17,550	17,600	476	455	20,550	20,600	563	534	23,550	23,600	649	620
17,600	17,650	478	456	20,600	20,650	564	535	23,600	23,650	650	621
17,650	17,700	479	458	20,650	20,700	565	536	23,650	23,700	652	623
17,700	17,750	480	459	20,700	20,750	567	538	23,700	23,750	653	624
17,750	17,800	482	460	20,750	20,800	568	539	23,750	23,800	655	626
17,800	17,850	483	462	20,800	20,850	570	541	23,800	23,850	656	627
17,850	17,900	485	463	20,850	20,900	571	542	23,850	23,900	658	629
17,900	17,950	486	464	20,900	20,950	573	544	23,900	23,950	659	630
17,950	18,000	488	466	20,950	21,000	574	545	23,950	24,000	660	631

At least	But less than	Single or Married Filing Separately	Married Filing Jointly or Head of Household	At least	But less than	Single or Married Filing Separately	Married Filing Jointly or Head of Household	At least	But less than	Single or Married Filing Separately	Married Filing Jointly or Head of Household
<b>\$24,000 Your Tax Is</b>				<b>\$27,000 Your Tax Is</b>				<b>\$30,000 Your Tax Is</b>			
24,000	24,050	662	633	27,000	27,050	756	719	30,000	30,050	857	806
24,050	24,100	663	634	27,050	27,100	758	721	30,050	30,100	859	807
24,100	24,150	665	636	27,100	27,150	759	722	30,100	30,150	860	809
24,150	24,200	666	637	27,150	27,200	761	724	30,150	30,200	862	810
24,200	24,250	668	639	27,200	27,250	763	725	30,200	30,250	864	811
24,250	24,300	669	640	27,250	27,300	764	727	30,250	30,300	865	813
24,300	24,350	671	642	27,300	27,350	766	728	30,300	30,350	867	814
24,350	24,400	672	643	27,350	27,400	768	729	30,350	30,400	869	816
24,400	24,450	673	644	27,400	27,450	769	731	30,400	30,450	870	817
24,450	24,500	675	646	27,450	27,500	771	732	30,450	30,500	872	819
24,500	24,550	676	647	27,500	27,550	773	734	30,500	30,550	874	820
24,550	24,600	678	649	27,550	27,600	775	735	30,550	30,600	875	822
24,600	24,650	679	650	27,600	27,650	776	737	30,600	30,650	877	823
24,650	24,700	681	652	27,650	27,700	778	738	30,650	30,700	879	824
24,700	24,750	682	653	27,700	27,750	780	739	30,700	30,750	880	826
24,750	24,800	684	655	27,750	27,800	781	741	30,750	30,800	882	827
24,800	24,850	685	656	27,800	27,850	783	742	30,800	30,850	884	829
24,850	24,900	686	657	27,850	27,900	785	744	30,850	30,900	885	830
24,900	24,950	688	659	27,900	27,950	786	745	30,900	30,950	887	832
24,950	25,000	689	660	27,950	28,000	788	747	30,950	31,000	889	833
<b>\$25,000 Your Tax Is</b>				<b>\$28,000 Your Tax Is</b>				<b>\$31,000 Your Tax Is</b>			
25,000	25,050	691	662	28,000	28,050	790	748	31,000	31,050	890	835
25,050	25,100	692	663	28,050	28,100	791	750	31,050	31,100	892	836
25,100	25,150	694	665	28,100	28,150	793	751	31,100	31,150	894	837
25,150	25,200	695	666	28,150	28,200	795	752	31,150	31,200	895	839
25,200	25,250	696	667	28,200	28,250	796	754	31,200	31,250	897	840
25,250	25,300	698	669	28,250	28,300	798	755	31,250	31,300	899	842
25,300	25,350	699	670	28,300	28,350	800	757	31,300	31,350	901	843
25,350	25,400	701	672	28,350	28,400	801	758	31,350	31,400	902	845
25,400	25,450	702	673	28,400	28,450	803	760	31,400	31,450	904	846
25,450	25,500	704	675	28,450	28,500	805	761	31,450	31,500	906	847
25,500	25,550	706	676	28,500	28,550	806	763	31,500	31,550	907	849
25,550	25,600	707	678	28,550	28,600	808	764	31,550	31,600	909	850
25,600	25,650	709	679	28,600	28,650	810	765	31,600	31,650	911	852
25,650	25,700	711	680	28,650	28,700	811	767	31,650	31,700	912	853
25,700	25,750	712	682	28,700	28,750	813	768	31,700	31,750	914	855
25,750	25,800	714	683	28,750	28,800	815	770	31,750	31,800	916	856
25,800	25,850	716	685	28,800	28,850	817	771	31,800	31,850	917	858
25,850	25,900	717	686	28,850	28,900	818	772	31,850	31,900	919	859
25,900	25,950	719	688	28,900	28,950	820	774	31,900	31,950	921	860
25,950	26,000	721	689	28,950	29,000	822	775	31,950	32,000	922	862
<b>\$26,000 Your Tax Is</b>				<b>\$29,000 Your Tax Is</b>				<b>\$32,000 Your Tax Is</b>			
26,000	26,050	722	691	29,000	29,050	823	777	32,000	32,050	924	863
26,050	26,100	724	692	29,050	29,100	825	778	32,050	32,100	926	865
26,100	26,150	726	693	29,100	29,150	827	780	32,100	32,150	927	866
26,150	26,200	727	695	29,150	29,200	828	781	32,150	32,200	929	868
26,200	26,250	729	696	29,200	29,250	830	783	32,200	32,250	931	869
26,250	26,300	731	698	29,250	29,300	832	784	32,250	32,300	932	871
26,300	26,350	733	699	29,300	29,350	833	786	32,300	32,350	934	872
26,350	26,400	734	701	29,350	29,400	835	787	32,350	32,400	936	873
26,400	26,450	736	702	29,400	29,450	837	788	32,400	32,450	937	875
26,450	26,500	738	703	29,450	29,500	838	790	32,450	32,500	939	876
26,500	26,550	739	705	29,500	29,550	840	791	32,500	32,550	941	878
26,550	26,600	741	706	29,550	29,600	842	793	32,550	32,600	943	879
26,600	26,650	743	708	29,600	29,650	843	794	32,600	32,650	944	881
26,650	26,700	744	709	29,650	29,700	845	796	32,650	32,700	946	882
26,700	26,750	746	711	29,700	29,750	847	797	32,700	32,750	948	883
26,750	26,800	748	712	29,750	29,800	848	799	32,750	32,800	949	885
26,800	26,850	749	714	29,800	29,850	850	800	32,800	32,850	951	886
26,850	26,900	751	715	29,850	29,900	852	801	32,850	32,900	953	888
26,900	26,950	753	716	29,900	29,950	853	803	32,900	32,950	954	889
26,950	27,000	754	718	29,950	30,000	855	804	32,950	33,000	956	891

At least	But less than	Single or Married Filing Separately	Married Filing Jointly or Head of Household	At least	But less than	Single or Married Filing Separately	Married Filing Jointly or Head of Household	At least	But less than	Single or Married Filing Separately	Married Filing Jointly or Head of Household
<b>\$33,000 Your Tax Is</b>				<b>\$36,000 Your Tax Is</b>				<b>\$39,000 Your Tax Is</b>			
33,000	33,050	958	892	36,000	36,050	1,058	979	39,000	39,050	1,159	1,065
33,050	33,100	959	894	36,050	36,100	1,060	980	39,050	39,100	1,161	1,066
33,100	33,150	961	895	36,100	36,150	1,062	981	39,100	39,150	1,163	1,068
33,150	33,200	963	896	36,150	36,200	1,063	983	39,150	39,200	1,164	1,069
33,200	33,250	964	898	36,200	36,250	1,065	984	39,200	39,250	1,166	1,071
33,250	33,300	966	899	36,250	36,300	1,067	986	39,250	39,300	1,168	1,072
33,300	33,350	968	901	36,300	36,350	1,069	987	39,300	39,350	1,169	1,074
33,350	33,400	969	902	36,350	36,400	1,070	989	39,350	39,400	1,171	1,075
33,400	33,450	971	904	36,400	36,450	1,072	990	39,400	39,450	1,173	1,076
33,450	33,500	973	905	36,450	36,500	1,074	991	39,450	39,500	1,174	1,078
33,500	33,550	974	907	36,500	36,550	1,075	993	39,500	39,550	1,176	1,079
33,550	33,600	976	908	36,550	36,600	1,077	994	39,550	39,600	1,178	1,081
33,600	33,650	978	909	36,600	36,650	1,079	996	39,600	39,650	1,179	1,082
33,650	33,700	979	911	36,650	36,700	1,080	997	39,650	39,700	1,181	1,084
33,700	33,750	981	912	36,700	36,750	1,082	999	39,700	39,750	1,183	1,085
33,750	33,800	983	914	36,750	36,800	1,084	1,000	39,750	39,800	1,184	1,087
33,800	33,850	985	915	36,800	36,850	1,085	1,002	39,800	39,850	1,186	1,088
33,850	33,900	986	917	36,850	36,900	1,087	1,003	39,850	39,900	1,188	1,089
33,900	33,950	988	918	36,900	36,950	1,089	1,004	39,900	39,950	1,189	1,091
33,950	34,000	990	919	36,950	37,000	1,090	1,006	39,950	40,000	1,191	1,092
<b>\$34,000 Your Tax Is</b>				<b>\$37,000 Your Tax Is</b>				<b>\$40,000 Your Tax Is</b>			
34,000	34,050	991	921	37,000	37,050	1,092	1,007	40,000	40,050	1,193	1,094
34,050	34,100	993	922	37,050	37,100	1,094	1,009	40,050	40,100	1,195	1,095
34,100	34,150	995	924	37,100	37,150	1,095	1,010	40,100	40,150	1,196	1,097
34,150	34,200	996	925	37,150	37,200	1,097	1,012	40,150	40,200	1,198	1,098
34,200	34,250	998	927	37,200	37,250	1,099	1,013	40,200	40,250	1,200	1,099
34,250	34,300	1,000	928	37,250	37,300	1,100	1,015	40,250	40,300	1,201	1,101
34,300	34,350	1,001	930	37,300	37,350	1,102	1,016	40,300	40,350	1,203	1,102
34,350	34,400	1,003	931	37,350	37,400	1,104	1,017	40,350	40,400	1,205	1,104
34,400	34,450	1,005	932	37,400	37,450	1,105	1,019	40,400	40,450	1,206	1,105
34,450	34,500	1,006	934	37,450	37,500	1,107	1,020	40,450	40,500	1,208	1,107
34,500	34,550	1,008	935	37,500	37,550	1,109	1,022	40,500	40,550	1,210	1,108
34,550	34,600	1,010	937	37,550	37,600	1,111	1,023	40,550	40,600	1,211	1,110
34,600	34,650	1,011	938	37,600	37,650	1,112	1,025	40,600	40,650	1,213	1,111
34,650	34,700	1,013	940	37,650	37,700	1,114	1,026	40,650	40,700	1,215	1,112
34,700	34,750	1,015	941	37,700	37,750	1,116	1,027	40,700	40,750	1,216	1,114
34,750	34,800	1,016	943	37,750	37,800	1,117	1,029	40,750	40,800	1,218	1,115
34,800	34,850	1,018	944	37,800	37,850	1,119	1,030	40,800	40,850	1,220	1,117
34,850	34,900	1,020	945	37,850	37,900	1,121	1,032	40,850	40,900	1,221	1,118
34,900	34,950	1,021	947	37,900	37,950	1,122	1,033	40,900	40,950	1,223	1,120
34,950	35,000	1,023	948	37,950	38,000	1,124	1,035	40,950	41,000	1,225	1,121
<b>\$35,000 Your Tax Is</b>				<b>\$38,000 Your Tax Is</b>				<b>\$41,000 Your Tax Is</b>			
35,000	35,050	1,025	950	38,000	38,050	1,126	1,036	41,000	41,050	1,226	1,123
35,050	35,100	1,027	951	38,050	38,100	1,127	1,038	41,050	41,100	1,228	1,124
35,100	35,150	1,028	953	38,100	38,150	1,129	1,039	41,100	41,150	1,230	1,125
35,150	35,200	1,030	954	38,150	38,200	1,131	1,040	41,150	41,200	1,231	1,127
35,200	35,250	1,032	955	38,200	38,250	1,132	1,042	41,200	41,250	1,233	1,128
35,250	35,300	1,033	957	38,250	38,300	1,134	1,043	41,250	41,300	1,235	1,130
35,300	35,350	1,035	958	38,300	38,350	1,136	1,045	41,300	41,350	1,237	1,131
35,350	35,400	1,037	960	38,350	38,400	1,137	1,046	41,350	41,400	1,238	1,133
35,400	35,450	1,038	961	38,400	38,450	1,139	1,048	41,400	41,450	1,240	1,134
35,450	35,500	1,040	963	38,450	38,500	1,141	1,049	41,450	41,500	1,242	1,135
35,500	35,550	1,042	964	38,500	38,550	1,142	1,051	41,500	41,550	1,243	1,137
35,550	35,600	1,043	966	38,550	38,600	1,144	1,052	41,550	41,600	1,245	1,138
35,600	35,650	1,045	967	38,600	38,650	1,146	1,053	41,600	41,650	1,247	1,140
35,650	35,700	1,047	968	38,650	38,700	1,147	1,055	41,650	41,700	1,248	1,141
35,700	35,750	1,048	970	38,700	38,750	1,149	1,056	41,700	41,750	1,250	1,143
35,750	35,800	1,050	971	38,750	38,800	1,151	1,058	41,750	41,800	1,252	1,144
35,800	35,850	1,052	973	38,800	38,850	1,153	1,059	41,800	41,850	1,253	1,146
35,850	35,900	1,053	974	38,850	38,900	1,154	1,061	41,850	41,900	1,255	1,147
35,900	35,950	1,055	976	38,900	38,950	1,156	1,062	41,900	41,950	1,257	1,148
35,950	36,000	1,057	977	38,950	39,000	1,158	1,063	41,950	42,000	1,258	1,150

At least	But less than	Single or Married Filing Separately	Married Filing Jointly or Head of Household	At least	But less than	Single or Married Filing Separately	Married Filing Jointly or Head of Household	At least	But less than	Single or Married Filing Separately	Married Filing Jointly or Head of Household
<b>\$42,000 Your Tax Is</b>				<b>\$45,000 Your Tax Is</b>				<b>\$48,000 Your Tax Is</b>			
42,000	42,050	1,260	1,151	45,000	45,050	1,361	1,238	48,000	48,050	1,462	1,324
42,050	42,100	1,262	1,153	45,050	45,100	1,363	1,239	48,050	48,100	1,463	1,326
42,100	42,150	1,263	1,154	45,100	45,150	1,364	1,241	48,100	48,150	1,465	1,327
42,150	42,200	1,265	1,156	45,150	45,200	1,366	1,242	48,150	48,200	1,467	1,328
42,200	42,250	1,267	1,157	45,200	45,250	1,368	1,243	48,200	48,250	1,468	1,330
42,250	42,300	1,268	1,159	45,250	45,300	1,369	1,245	48,250	48,300	1,470	1,331
42,300	42,350	1,270	1,160	45,300	45,350	1,371	1,246	48,300	48,350	1,472	1,333
42,350	42,400	1,272	1,161	45,350	45,400	1,373	1,248	48,350	48,400	1,473	1,334
42,400	42,450	1,273	1,163	45,400	45,450	1,374	1,249	48,400	48,450	1,475	1,336
42,450	42,500	1,275	1,164	45,450	45,500	1,376	1,251	48,450	48,500	1,477	1,337
42,500	42,550	1,277	1,166	45,500	45,550	1,378	1,252	48,500	48,550	1,478	1,339
42,550	42,600	1,279	1,167	45,550	45,600	1,379	1,254	48,550	48,600	1,480	1,340
42,600	42,650	1,280	1,169	45,600	45,650	1,381	1,255	48,600	48,650	1,482	1,341
42,650	42,700	1,282	1,170	45,650	45,700	1,383	1,256	48,650	48,700	1,483	1,343
42,700	42,750	1,284	1,171	45,700	45,750	1,384	1,258	48,700	48,750	1,485	1,344
42,750	42,800	1,285	1,173	45,750	45,800	1,386	1,259	48,750	48,800	1,487	1,346
42,800	42,850	1,287	1,174	45,800	45,850	1,388	1,261	48,800	48,850	1,489	1,347
42,850	42,900	1,289	1,176	45,850	45,900	1,389	1,262	48,850	48,900	1,490	1,349
42,900	42,950	1,290	1,177	45,900	45,950	1,391	1,264	48,900	48,950	1,492	1,350
42,950	43,000	1,292	1,179	45,950	46,000	1,393	1,265	48,950	49,000	1,494	1,351
<b>\$43,000 Your Tax Is</b>				<b>\$46,000 Your Tax Is</b>				<b>\$49,000 Your Tax Is</b>			
43,000	43,050	1,294	1,180	46,000	46,050	1,394	1,267	49,000	49,050	1,495	1,353
43,050	43,100	1,295	1,182	46,050	46,100	1,396	1,268	49,050	49,100	1,497	1,354
43,100	43,150	1,297	1,183	46,100	46,150	1,398	1,269	49,100	49,150	1,499	1,356
43,150	43,200	1,299	1,184	46,150	46,200	1,399	1,271	49,150	49,200	1,500	1,357
43,200	43,250	1,300	1,186	46,200	46,250	1,401	1,272	49,200	49,250	1,502	1,359
43,250	43,300	1,302	1,187	46,250	46,300	1,403	1,274	49,250	49,300	1,504	1,360
43,300	43,350	1,304	1,189	46,300	46,350	1,405	1,275	49,300	49,350	1,505	1,362
43,350	43,400	1,305	1,190	46,350	46,400	1,406	1,277	49,350	49,400	1,507	1,363
43,400	43,450	1,307	1,192	46,400	46,450	1,408	1,278	49,400	49,450	1,509	1,364
43,450	43,500	1,309	1,193	46,450	46,500	1,410	1,279	49,450	49,500	1,510	1,366
43,500	43,550	1,310	1,195	46,500	46,550	1,411	1,281	49,500	49,550	1,512	1,367
43,550	43,600	1,312	1,196	46,550	46,600	1,413	1,282	49,550	49,600	1,514	1,369
43,600	43,650	1,314	1,197	46,600	46,650	1,415	1,284	49,600	49,650	1,515	1,370
43,650	43,700	1,315	1,199	46,650	46,700	1,416	1,285	49,650	49,700	1,517	1,372
43,700	43,750	1,317	1,200	46,700	46,750	1,418	1,287	49,700	49,750	1,519	1,373
43,750	43,800	1,319	1,202	46,750	46,800	1,420	1,288	49,750	49,800	1,520	1,375
43,800	43,850	1,321	1,203	46,800	46,850	1,421	1,290	49,800	49,850	1,522	1,376
43,850	43,900	1,322	1,205	46,850	46,900	1,423	1,291	49,850	49,900	1,524	1,377
43,900	43,950	1,324	1,206	46,900	46,950	1,425	1,292	49,900	49,950	1,525	1,379
43,950	44,000	1,326	1,207	46,950	47,000	1,426	1,294	49,950	50,000	1,527	1,380
<b>\$44,000 Your Tax Is</b>				<b>\$47,000 Your Tax Is</b>				 <p><b>End of Optional Tables</b></p>			
44,000	44,050	1,327	1,209	47,000	47,050	1,428	1,295				
44,050	44,100	1,329	1,210	47,050	47,100	1,430	1,297				
44,100	44,150	1,331	1,212	47,100	47,150	1,431	1,298				
44,150	44,200	1,332	1,213	47,150	47,200	1,433	1,300				
44,200	44,250	1,334	1,215	47,200	47,250	1,435	1,301				
44,250	44,300	1,336	1,216	47,250	47,300	1,436	1,303				
44,300	44,350	1,337	1,218	47,300	47,350	1,438	1,304				
44,350	44,400	1,339	1,219	47,350	47,400	1,440	1,305				
44,400	44,450	1,341	1,220	47,400	47,450	1,441	1,307				
44,450	44,500	1,342	1,222	47,450	47,500	1,443	1,308				
44,500	44,550	1,344	1,223	47,500	47,550	1,445	1,310				
44,550	44,600	1,346	1,225	47,550	47,600	1,447	1,311				
44,600	44,650	1,347	1,226	47,600	47,650	1,448	1,313				
44,650	44,700	1,349	1,228	47,650	47,700	1,450	1,314				
44,700	44,750	1,351	1,229	47,700	47,750	1,452	1,315				
44,750	44,800	1,352	1,231	47,750	47,800	1,453	1,317				
44,800	44,850	1,354	1,232	47,800	47,850	1,455	1,318				
44,850	44,900	1,356	1,233	47,850	47,900	1,457	1,320				
44,900	44,950	1,357	1,235	47,900	47,950	1,458	1,321				
44,950	45,000	1,359	1,236	47,950	48,000	1,460	1,323				

**2016  
Arizona Tax Tables X and Y  
For Form 140**

If your taxable income is less than \$50,000, use the Optional Tax Table. If your taxable income is \$50,000 or more, use Tax Table X or Y. Also, if your taxable income is \$50,000 or more, you cannot use Form 140EZ or Form 140A to file for 2016. In this case, you must file using Form 140.

**Table X - Use Table X if your filing status is Single or Married Filing Separate**

(a)		(b)	(c)		(d)	(e)		(f)
If taxable income from Form 140, line 45 is:		Enter the amount from Form 140, line 45	Multiply the amount entered in column (b) by		Enter the result	Subtract		Your tax. Round the difference and enter this amount on Form 140, line 46
Over	But Not over							
\$0	\$10,179	X	.0259	=	-	0.00	=	
\$10,179	\$25,445	X	.0288	=	-	\$ 30.00	=	
\$25,445	\$50,890	X	.0336	=	-	\$ 152.00	=	
\$50,890	\$152,668	X	.0424	=	-	\$ 599.00	=	
\$152,668	and over	X	.0454	=	-	\$ 1,057.00	=	

**Table Y - Use Table Y if your filing status is Married Filing Joint or Head of Household**

(a)		(b)	(c)		(d)	(e)		(f)
If taxable income from Form 140, line 45 is:		Enter the amount from Form 140, line 45	Multiply the amount entered in column (b) by		Enter the result	Subtract		Your tax. Round the difference and enter this amount on Form 140, line 46
Over	But Not over							
\$0	\$20,357	X	.0259	=	-	0.00	=	
\$20,357	\$50,890	X	.0288	=	-	\$ 59.00	=	
\$50,890	\$101,779	X	.0336	=	-	\$ 303.00	=	
\$101,779	\$305,336	X	.0424	=	-	\$ 1,199.00	=	
\$305,336	and over	X	.0454	=	-	\$ 2,115.00	=	



# Tax Credits Available

Over 100,000 eligible Arizona families failed to receive thousands of dollars in tax credits because they did not file a tax return. **You may qualify for these special credits when you file your state and federal taxes.**

Tax Year 2016 Federal Earned Income Tax Credit Eligibility Table		
Number of Qualifying Children	Earned Income (less than)	Maximum Credit
0*	\$14,880 (\$20,430 if MFJ)	\$506
1	\$39,296 (\$44,846 if MFJ)	\$3,373
2	\$44,648 (\$50,198 if MFJ)	\$5,572
3 or more	\$47,955 (\$53,505 if MFJ)	\$6,269

\*your age 25 - 64

MFJ = Married Filed Jointly

Tax Year 2016 Federal Child Tax Credit Eligibility Table	
Qualifications	Maximum Credit Amount Per Qualifying Child
Children under the age of 17 years at the end of the 2016 tax year	\$1,000 per child

Parents and children must have Social Security Number or ITIN (Individual Taxpayer Identification Number) to claim credit.

Arizona Family Tax Credit Eligibility Table	
Qualifications	Income
Eligibility depends on filing status and number of dependents	\$31,000 or less per year

Arizona Increased Excise Tax Credit Eligibility Table	
Qualifications	Income
Eligibility depends on Arizona residency and filing status	\$25,000 or less per year

## To Qualify!

You must file your state and federal taxes

## How To File!

Get your taxes prepared FREE at one of the community tax assistance sites. The sites will also e-file your taxes; that means a FREE FAST REFUND.

## Where To File!

For locations call ..... 2-1-1 within Arizona  
 From anywhere ..... (877) 211-8661  
 TDD/TTY AZ Relay ..... (800) 367-8939

Website: [www.cir.org](http://www.cir.org)

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- Save for a Car
- Save for a College Education



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- Low Income

For Locations, call 211 or go to

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Faster refunds when you E-File and select the Direct Deposit option!



**DO YOU QUALIFY FOR AN ARIZONA TAX CREDIT?**

You may claim the **FAMILY TAX CREDIT** if:

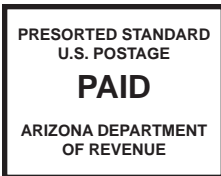
- your income is \$31,000 or less for Married Filing Joint
- your income is \$26,575 or less for Head of Household
- your income is \$10,000 or less for Single

**UP TO \$240**

You may claim the **INCREASED EXCISE TAX CREDIT** if:

- you are an Arizona resident
- you are not claimed as a dependent by any other taxpayer
- your federal adjusted gross income was \$ 25,000 or less (\$12,500 if single)
- you were not sentenced for at least 60 days of 2016 to a county, state or federal prison

Up to  
**\$100**  
per household



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**QUICK AND EASY ACCESS TO TAX HELP AND FORMS**



**PERSONAL COMPUTER**

You may use a personal computer and modem to get the forms and information you need.

Here is a sample of what you will find when you visit our website at **www.azdor.gov**:

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- Publications
- Tax Rulings and Procedures
- Other General Tax Information



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 Toll-free from area codes 520 and 928..... (800) 352-4090

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**East Valley**  
 1840 South Mesa Drive  
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- Makes Complex Returns Simple
- Checks for Errors Before You File
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