

# 2020 Arizona Nonprofit Medical Medical Dispensary Annual Information Return

# Arizona Form 99M

## 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 *Reports & Legal Research* then click on *Legal Research* and select a Document Type and Category from the drop down menus.

## Publications

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

## General Instructions

### Organizations Which Must File Form 99M

#### Nonprofit Medical Marijuana Dispensary

A nonprofit medical marijuana dispensary (NMMD) is exempt from Arizona corporate income tax [see A.R.S. § 43-1201(B)].

An NMMD must file Arizona Form 99M to meet the filing requirements of A.R.S. § 43-1242. A limited liability company (LLC) that is an NMMD but treated as a disregarded entity must file Arizona Form 99M.

Because NMMDs are not exempt organizations at the federal level, they do not have the option to file the federal return in place of Form 99M. An NMMD that is taxed as an S corporation or a partnership is required to file Arizona Form 120S or Arizona Form 165, as applicable, by the due date of those returns, in addition to filing Form 99M. An NMMD that is organized as a sole proprietorship must also file Arizona Form 140, 140PY, or 140NR, as applicable, by the due date of those returns, in addition to filing Form 99M.

#### Determination of Gross Receipts

"Gross receipts" means the total amount the organization received from all sources during its annual tax year without subtracting any costs or expenses. Total income (Form 99M, line 8), plus cost of goods sold (Form 99M, line 2) plus any other expenses deducted to arrive at the income on lines 9 through 15, would equal the organization's gross receipts for the tax year.

#### Taxable Year Covered by Return

File the 2020 Form 99M for calendar year 2020 and for fiscal years that begin in 2020 and end in 2021. Indicate whether the taxable year is a calendar year or a fiscal year. If the return is for a fiscal year, indicate the beginning and ending dates for the year in the space(s) provided at the top of page 1.

The 2020 Form 99M can also be used if the NMMD has a tax year of less than 12 months that begins and ends in 2021, and the 2021 Form 99M is not available at the time the NMMD is required to file its return.

The NMMD must show its 2021 year on the 2020 Form 99M and take into account any tax law changes that are effective for tax years beginning after December 31, 2020.

#### Extension of Time to File a Return

- The organization can apply for an Arizona extension by filing a completed Form 120EXT by the original due date of the return. The department grants an Arizona extension for filing Form 99M for a period of 6 months.
- The NMMD cannot use a federal extension to extend the due date of its return. **The NMMD must request an Arizona extension on Arizona Form 120EXT.**
- Mail Form 120EXT to the address indicated on the form.

#### Filing Original Returns

- The due date to file Form 99M is the 15th day of the fifth month after the close of the taxable year.
- Be sure to check the box indicating the NMMD is filing an original return.
- If the organization has a valid Arizona filing extension, file the return by the extended due date. If the return is filed under extension, check box 82F on page 1 of the return.
- Mail the return to the address indicated on the form.

#### Timely filing of returns

- The department determines the timeliness of a tax return by the postmark or other official mark of the United States Mail stamped on the envelope in which the return is mailed. See the department's ruling, GTR 16-1, *Timely Filing of Income or Withholding Tax Returns Through the United States Mail*.
- The department will accept proof of mailing from a private delivery service included in the Internal Revenue Service (IRS) list of designated private delivery services. Contact the private delivery service for information regarding how to obtain written proof of mailing.
- If the due date for the return falls on a Saturday, Sunday, or a legal holiday, the return is considered timely filed if it is post-marked the next business day. See the department's ruling, GTR 16-2, *Timely Filing of Income or Withholding Tax Return – Holidays and Weekends*.

#### Filing Amended Returns

- File amended returns within four years of filing the original return.
- Do not file an amended return until the original return has been processed.
- Be sure to check the box indicating the NMMD is filing an amended return.
- Include a statement with the amended return that explains why the NMMD amended its Arizona return.
- Mail the return to the address indicated on the return.

**Penalty**

This form is an information return. The penalty for failing to file, filing late (including extensions), or filing an incomplete information return is \$100 for each month or fraction of a month, that the failure continues, up to a maximum penalty of \$500.

**Specific Instructions**

Type or print the required information in the name, address, and information boxes at the top of page 1. Indicate whether the taxable year is a calendar year or a fiscal year; if a fiscal year, indicate the taxable year on the top of the return. Indicate whether this return is an original or an amended return.

Enter the Tax Identification Number (TIN) of the NMMD. If the NMMD is a sole proprietorship, enter the social security number (SSN) of the owner. If the NMMD is an organization, (corporation, S corporation, partnership, or LLC), enter Employer Identification Number (EIN) of the organization. Taxpayers that fail to include their TIN may be subject to a penalty.

**Box 68**

- Check box “A”, “This is a first return” if this is the taxpayer’s first return filed to Arizona.
- Check box “B”, “Name change”, if the taxpayer changed its name during the tax year.
- Check box “C”, “Address change”, if the taxpayer changed its address during the tax year.

**Box 82F**

- Check box 82F if this return is filed under an extension.

**Line A**

Enter the date Arizona operations began.

**Line B**

Enter the NMMD Registry Identification Number.

**Line C**

Check the box to indicate the entity type of the NMMD:

1. Corporation
2. Limited Liability Company (LLC)
3. Partnership
4. S corporation
5. Sole Proprietorship

**Line D**

If the NMMD is an LLC, check the box to indicate its federal tax classification:

1. Corporation
2. Disregarded Entity
3. Partnership
4. S corporation

**NOTE:** *If the NMMD is an LLC, a partnership, or an S corporation, include a schedule that indicates the following ownership information: Name, Address, EIN or TIN, Ownership percentage at the end of the tax year.*

**Line E**

Check the box to indicate the federal form filed by the NMMD:

1. Federal Form 1040
2. Federal Form 1041
3. Federal Form 1065
4. Federal Form 1120
5. Federal Form 1120-S
6. Other (specify)

**Line F**

Enter the TPT License Number(s) for the NMMD facilities.

**Sources of Income**

**Lines 1 and 4 through 7**

Enter all sources of income received during the taxable year.

**Line 2**

Enter the cost of goods sold. The following types of expenses that are included in figuring the cost of goods sold include:

- The cost of products or raw materials including freight
- Storage
- Direct labor cost
- Factory overhead – the cost incurred directly during the manufacturing process, not including the cost of direct labor and direct materials

Include an itemized statement detailing the costs of good sold with your return.

**Line 3**

Subtract line 2 from line 1. Enter the result.

**Line 8**

Add lines 3 through 7. Enter the total.

**Expenses**

**Lines 9 through 15**

Enter all expenses incurred during the taxable year.

**Line 16**

Add lines 9 through 15. Enter the total.

**Net Revenue (Loss)**

**Line 17**

Subtract line 16 from line 8. Enter the total.

**Penalty**

**Line 18**

This form is an information return. An information return that is incomplete or filed after its due date (including extensions) is subject to a penalty of \$100 for each month or fraction of a month, that the failure continues, up to a maximum penalty of \$500.

If the NMMD files this return after its due date (including extensions), enter the penalty due on this line. Payments can be made via check or money order.

Make checks payable to Arizona Department of Revenue. Include the NMMD’s TIN on the front of the check or money order. Include the check or money order with the return.

### Balance Sheet

Enter the beginning of the year amounts in columns (a) and (b). Enter the end of the year amounts in columns (c) and (d).

#### Assets -

#### **Lines 19, 22, 23, 26, and 27**

Enter your beginning of the year asset amounts in column (b). Enter your end of year asset amounts in column (d).

#### **Line 20**

Enter your beginning of the year accounts receivable in column (a). Enter your end of the year accounts receivable in column (c).

#### **Line 21**

Enter the amount of your beginning of the year allowance for doubtful accounts in column (a). Enter the amount of your end of the year allowance for doubtful accounts in column (c).

Subtract line 21, column (a) from line 20, column (a). Enter the difference on line 21, column (b).

#### **Line 24**

Enter your investment in buildings and other depreciable assets as of the beginning of the year in column (a). Enter you investment in buildings and other depreciable assets as of the end of the year in column (c).

#### **Line 25**

Enter the beginning of the year accumulated depreciation in column (a). Enter the end of the year accumulated depreciation in column (c).

Subtract line 25, column (a) from line 24, column (a). Enter the difference on line 25, column (b).

#### **Line 28**

Add lines 19 through 27 of columns (b) and (d). Enter the totals in the corresponding columns.

#### Liabilities

#### **Lines 29 through 31**

Enter your beginning of the year amounts in column (b). Enter your end of the year amounts in column (d).

#### **Line 32**

Add lines 29 through 31 of columns (b) and (d). Enter the totals in the corresponding columns.

#### Equity

#### **Lines 33 through 35**

Enter your beginning of the year equity amounts in column (b). Enter your end of year amounts in column (d).

#### **Line 36**

Add lines 33 through 35 in columns (b) and (d). Enter the totals in the corresponding columns.

#### **Total Liabilities and Equity**

#### **Line 37**

Add lines 32 and 36 in columns (b) and (d). Enter the totals in the corresponding columns.

### Who May Sign Form 99M

The following persons are authorized to sign the return for each type of business entity.

- **Sole proprietorship** - The individual who owns the business.
- **Corporation (including a limited liability company (LLC) treated as a corporation)** - The president, vice president, or other principal officer duly authorized to sign.
- **Partnership (including an LLC treated as a partnership) or unincorporated organization** - A responsible and duly authorized member, partner, or officer having knowledge of its affairs.
- **Single member LLC treated as a disregarded entity for federal income tax purposes** - The owner of the LLC or a principal officer duly authorized to sign.
- **Trust or estate** - The fiduciary.

Form 99M may be signed by a duly authorized agent of the taxpayer if a valid power of attorney has been filed.

### Paid Preparer Use Only

**Paid preparers:** Sign and date the return. Complete the firm name and address lines (the paid preparer's name and address, if self-employed).

Paid preparers must provide a Tax Identification Number (TIN). Paid preparers that fail to include their TIN may be subject to a penalty.

The TIN for a paid preparer may be one of the following:

- The preparer's PTIN,
- The EIN for the business,
- The individual preparer's social security number (SSN), if self-employed.