

2012 Arizona Annual Payment Withholding Tax Return

Arizona Form A1-APR

Obtain additional information or assistance by calling one of the numbers listed below:

Phoenix	(602) 255-2060
From area codes 520 and 928, toll-free	(800) 843-7196
Hearing impaired TDD user	
Phoenix	(602) 542-4021
From area codes 520 and 928, toll-free	(800) 397-0256

Obtain tax rulings, tax procedures, tax forms and instructions, and other tax information by accessing the department's Internet home page at www.azdor.gov.

General Instructions

NOTE: These instructions specifically address Forms W-2, W-2c, W-2G, and/or 1099-R. However, any information return that contains Arizona withholding (i.e. Form 1099-MISC, etc.) is required to be reported to Arizona with Form A1-APR, in accordance with Arizona Withholding Tax Ruling WTR 99-2.

Who May Use Form A1-APR

NOTE: Only employers that qualify to make their withholding payment on an annual basis should use Form A1-APR. If you file Form A1-QRT, Form A1-R, or Form A1-WP, do not file Form A1-APR.

An employer may make its Arizona withholding payments on an annual basis if all of the following conditions are met:

- The employer has established a history of withholding activity by filing the quarterly tax return (Form A1-QRT) for at least the four preceding calendar quarters.
- The employer's withholding liability was an amount greater than zero for at least one of the four preceding calendar quarters.
- The average amount of Arizona income taxes withheld by the employer in the four preceding calendar quarters does not exceed \$200. The employer will meet this average withholding requirement if the total amount withheld in the four preceding calendar quarters is \$800 or less.
- The employer has timely filed Form A1-QRT and has timely made its Arizona withholding payments for at least three of the four preceding calendar quarters.
- The employer has filed Form A1-QRT for all preceding calendar quarters and does not have a balance due (tax, penalty, or interest) for any preceding calendar quarter.
- The employer has filed the annual reconciliation tax return (Form A1-R) for all preceding calendar years and has timely filed Form A1-R for the preceding calendar year.

An employer may continue to make its Arizona withholding payments on an annual basis for the succeeding calendar year if all of the following conditions are met:

- The average amount of Arizona income taxes withheld by the employer in the four preceding calendar quarters does not exceed \$200.

- The employer has timely filed the annual payment tax return (Form A1-APR) and has timely made its annual Arizona withholding payment for the preceding calendar year.

If an employer does not meet all of the qualifying conditions to continue making its Arizona withholding payments on an annual basis for the succeeding calendar year:

- The employer must determine its Arizona withholding payment schedule for succeeding calendar quarters according to the Arizona Withholding Liability/Payment Schedule section of Form A1-QRT instructions; and
- The employer shall file quarterly tax returns (Form A1-QRT) for succeeding calendar quarters.

Filing Original Returns

Returns are due on or before February 28 of the year following the close of the calendar year. If the due date falls on a Saturday, Sunday, or legal holiday, the return is considered timely filed if it is postmarked by the next day that is not a Saturday, Sunday, or legal holiday. If the employer has an Arizona extension, file the return by the extended due date. Attach a copy of the Arizona extension to the front of the return. Send the return to the Arizona Department of Revenue, PO Box 29009, Phoenix AZ 85038-9009.

Form A1-APR is also the transmittal form for federal Forms W-2, W-2c, W-2G, and 1099-R (if Forms W-2G and 1099-R include Arizona withholding). These forms are required to be filed with Form A1-APR as an integral part of the annual reconciliation of taxes withheld from employees and remitted to the Department of Revenue.

The department normally determines the timeliness of a return by the postmark or other official mark of the U.S. Postal Service stamped on the envelope in which the return is mailed. Refer to Arizona General Tax Ruling GTR 93-1 for further information. The department will also 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.

Extension of Time to File a Return

An employer may apply for an extension of time to file Form A1-APR upon a showing of good cause. The employer must file the extension request as soon as the employer knows that an extension of time to file is necessary. The extension request must be mailed on or before the due date of Form A1-APR. An extension cannot be granted if the extension request is filed after the due date of Form A1-APR. An extension of time to file Form A1-APR is also an extension of time to file federal Forms W-2, W-2c, W-2G, and/or 1099-R that are required to be filed with that return.

NOTE: To request an extension to file Arizona Form A1-APR, refer to Arizona Withholding Tax Procedure WTP 11-1, available on the department's website www.azdor.gov under Legal Research and Procedures. Be sure to select "Withholding" from the drop down box for the Procedure Tax Type.

Payment of Tax

The entire amount of tax is due on or before the original due date of Form A1-APR, even if the employer has been granted an extension of time to file Form A1-APR. Payments can be made via check, electronic check, money order, or credit card. Visit www.aztaxes.gov to register and make payments via the internet.

Payments made with the employer's extension request should be accompanied by a completed Form A1-WP, indicating the payment is for the 4th Quarter of 2012.

Filing Amended Returns

If this is an amended Form A1-APR, check the amended return box on page 1 of the form. Complete the Arizona Withholding Tax Liability section, the Tax Payments section, and the Federal Form Transmittal Information section on page 1 of the form according to the instructions for those sections. Complete the amended return explanation section on page 2 of the form.

Submitting Forms W-2, W-2c, W-2G, and 1099-R

The department will accept federal Forms W-2, W-2c, W-2G, and 1099-R (if Forms W-2G and 1099-R include Arizona withholding) submitted by either method listed below:

- Optical media, including an external label to identify the filer and characteristics of the media, with the required information can be sent to:

Arizona Department of Revenue
Information Technology Division
Media Librarian
1600 W Monroe
Phoenix AZ 85007-2650

Refer to Publication 701, *Optical Media Reporting*, for information regarding optical media specifications for reporting federal Forms W-2, W-2c, W-2G, and 1099-R.

NOTE: Only the federal attachments to Arizona Form A1-APR may be filed via optical media. A paper copy of Arizona Form A1-APR must be filed to the address on the form, unless Form A1-APR was filed electronically through www.aztaxes.gov. Please do not include a paper copy of Form A1-APR with the disk containing optical media.

- A paper copy of each federal Form W-2, W-2c, W-2G, and 1099-R can be submitted with Form A1-APR. Mail Form A1-APR and the paper copies of the federal forms to:

Arizona Department of Revenue
PO Box 29009
Phoenix AZ 85038-9009

NOTE: When sending paper federal attachments to the department, employers that filed Arizona Form A1-APR electronically on www.aztaxes.gov should print out a copy of Form A1-APR with the watermark "Electronically Filed" and attach paper Forms W-2, W-2c, W-2G and 1099-R to it.

Penalties and Interest

A. Late Filing Penalty. A return filed after the original due date is subject to the late filing penalty unless the employer

has an approved Arizona extension. The employer must attach a copy of the approved Arizona extension to the return. A return filed after its extended due date is also subject to the late filing penalty. The late filing penalty is 4½ percent (.045) of the amount of tax required to be shown on the return. "Amount of tax required to be shown on the return" is the amount of tax imposed less the amount of any part of the tax paid on or before the beginning of the month. The penalty period is each month or fraction of a month between the due date of the return and the date the employer filed the return. The maximum penalty is 25 percent of the tax found to be remaining due.

B. Late Payment Penalty. The department imposes the late payment penalty on any amount shown as tax on the return that is not paid by the date prescribed for its payment. The late payment penalty is ½ percent (.005) of the unpaid tax for each month or fraction of a month the tax remains unpaid, not to exceed 10 percent of the unpaid tax.

NOTE: If both of the penalties described in A and B apply, the maximum combined penalty is 25 percent.

C. Additional Failure to Pay Penalty. An employer is required to withhold Arizona income tax from compensation paid to an employee for services performed in Arizona, unless the compensation is exempt from Arizona withholding by Arizona law. The department may impose a penalty if the amount of tax required to be withheld, whether the amount of tax is determined by the employer or the department, is not paid to the department by the date prescribed for its payment. The amount of the penalty is 25 percent of the amount of tax required to be withheld and paid to the department.

D. Payroll Service Company Penalty. A payroll service company, as defined in ARS § 43-418(E)(3), is subject to a \$25 penalty for failure to make withholding payments electronically and a \$25 penalty for failure to file withholding returns electronically. Multiple \$25 penalties could apply to the same client on one return. For example, if Client A is required to make four payments in the 3rd quarter, and none of the payments are made electronically, the payroll service company would be subject to four \$25 penalties, a total of \$100. If the payroll service company files the quarterly reconciliation for Client A by paper, an additional penalty of \$25 would apply for a grand total of \$125 in penalties assessed toward the payroll service company related to Client A for the 3rd quarter.

E. Interest. The department assesses interest on any portion of the tax, whether determined by the department or the employer, not paid by the date prescribed for its payment. The department applies interest, compounded annually, in the same manner and at the same times as prescribed by Internal Revenue Code (IRC) § 6621 with the following exception. **Exception:** The Arizona rate of interest for both underpayments and overpayments for all taxpayers is the federal underpayment rate under IRC § 6621(a)(2). On January 1 of each year, the department adds any interest outstanding as of that date to the principal amount of the tax. It is then a part of the principal amount of the tax and accrues interest until paid.

Specific Instructions

Form A1-APR may be filed online. Employers that are registered with the Arizona Department of Revenue and registered at www.aztaxes.gov may file Form A1-APR and make withholding payments online. Visit www.aztaxes.gov to register.

I. Taxpayer Information

Business Name and Address

Type or print the employer's name, address, and phone number in the boxes in the Taxpayer Information section. Check the appropriate box if this is an amended return, or your address has changed. If filing under extension, attach a copy of the extension request to your return.

NOTE: An amended Form A1-APR can only be filed through www.aztaxes.gov by a payroll service company or by an employer filing through a registered transmitter. All other employers required to file an amended Form A1-APR must file a paper return.

Employer Identification Number (EIN)

Enter the employer identification number. An EIN can be obtained from the IRS.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). Taxpayers that fail to include their TIN may be subject to a penalty. Paid tax return preparers must include their TIN where requested. The TIN for a paid tax return preparer is the individual's social security number or the employer identification number of the business. Paid tax return preparers that fail to include their TIN may be subject to a penalty.

Cancellation of Employer's Withholding Account

Check the final return box on page 1 of the form to cancel your account. Enter the date that final wages were paid. Complete the reason for cancellation of employer's withholding account section on page 2 of the form.

II. Arizona Withholding Tax Liability

Line 1 -

Original Returns: Enter the amount of Arizona income tax withheld for the calendar year. Include all monies withheld, even though payment of amounts withheld was not remitted to the department until the following February. The total should equal the amount entered on line 7.

Amended Returns: Enter the corrected amount of Arizona income tax withheld for the calendar year. The total should equal the total amount withheld from employee wages as shown on the federal Forms W-2, W-2c, W-2G, and 1099-R, submitted to the department.

III. Tax Payments

Line 2 -

Original Returns: Enter the amount of all payments made for 2012. Do not include or enter the amount of an extension payment.

Amended Returns: Enter the amount of all payments made for 2012. The total should also include the amount of a payment sent with the original return and any payments made after the original return was filed. Do not include or enter the amount of an extension payment.

Line 3 -

Original Returns: Enter any payment made with the extension request. Attach a copy of the extension request to the front of this return.

Amended Returns: Enter any payment made with the extension request.

Line 4 -

Original Returns: Add lines 2 and 3. Enter the total.

Amended Returns: Enter the total of lines 2 and 3 less the amount of any previous refunds or the amount of any previously applied credits.

Line 5 -

If the amount on line 1 is larger than the amount on line 4, there is a balance of tax due. Subtract line 4 from line 1, and enter the difference. Payments can be made via check, electronic check, money order, or credit card.

Check or Money Order

Make checks payable to Arizona Department of Revenue. Write the employer's EIN on the front of the check or money order. Include the check or money order with the return.

Internet Payments

Employers must be registered with the Department of Revenue before they can register to pay taxes online. Go to www.aztaxes.gov to register or to make payments over the internet.

Electronic payment from checking or savings account

Payments can be made electronically from a checking or savings account. Go to www.aztaxes.gov and choose the e-check option. There is no fee to use this method. This payment method will debit the amount from the specified checking or savings account on the date specified. If an electronic payment is made from a checking or savings account, a confirmation number will be generated. Please keep this confirmation number as proof of payment.

Credit card payment

Payments can be made via American Express, Discover, MasterCard or VISA credit cards. Go to www.aztaxes.gov and choose the credit card option. This will take you to the website of the credit card payment service provider. The service provider will charge a convenience fee based on the amount of the tax payment. The service provider will disclose the amount of the convenience fee during the transaction and the option to continue or cancel the transaction will be presented. If you accept the convenience fee and complete the credit card transaction, a confirmation number will be generated. Please keep this confirmation number as proof of payment.

Line 6 -

If the amount on line 4 is larger than the amount on line 1, there is an overpayment of tax. Subtract line 1 from line 4, and enter the difference. This is the amount of the overpayment of tax.

Overpayments will be applied to any outstanding liabilities, possibly in another tax type. A refund will be issued if the employer has no other liabilities. A refund will not be issued once the overpayment is applied to a liability.

IV. Federal Form Transmittal Information**Line 7 -**

Enter the total amount of Arizona income tax withheld from wages paid to employees for 2012 (as shown on federal Forms W-2, W-2c, W-2G, and 1099-R).

Line 8 -

Enter the total amount of wages paid to Arizona employees for 2012 (as shown on federal Forms W-2, W-2c, W-2G, and 1099-R).

Line 9 -

Enter the total number of Arizona employees for the calendar year.

Line 10 -

Enter the total number of federal Forms W-2, W-2c, W-2G, and 1099-R submitted with this return.

Amended returns: If you were required to make changes to this information since you filed your original Form A1-APR, write the corrected information here.