

For the  calendar year 2014 or  fiscal year beginning MM,DD,2014 and ending MM,DD,20YY.

CHECK ONE:  Original  Amended

Shareholder's Identifying Number	S Corporation's Employer Identification Number (EIN)
Shareholder's Name	S Corporation's Name
Shareholder's Address – number and street or rural route	S Corporation's Address – number and street or rural route
Shareholder's City, Town or Post Office State ZIP Code	S Corporation's City, Town or Post Office State ZIP Code
Shareholder's percentage of stock ownership for the taxable year:	%

**Part I Net Capital Gain From Investment in a Qualified Small Business – Information Schedule**

If the shareholder's federal Schedule K-1 (Form 1120-S) does not include any net capital gain (loss) from investment in a qualified small business, the S corporation is not required to complete Part I.

Pro Rata Share Items	(a) Distributive Share Amount
<b>1</b> Net capital gain (loss) from investment in a qualified small business..... <b>1</b>	

**Part II Net Long-Term Capital Gain Subtraction – Information Schedule**

If the shareholder's federal Schedule K-1 (Form 1120-S) includes net long-term capital gain (loss), complete line 2 and line 3 (if applicable). If the shareholder's federal Schedule K-1 (Form 1120-S) does not include any net long-term capital gain (loss), the S corporation is not required to complete Part II.

Pro Rata Share Items From Federal Form 1120-S, Schedule K-1	(a) Distributive Share Amount	(b) Net long-term capital gain (loss) included in column (a) from assets acquired before January 1, 2012	(c) Net long-term capital gain (loss) included in column (a) from assets acquired after December 31, 2011
<b>2</b> Net long-term capital gain (loss)..... <b>2</b>			

**ADDITIONAL INFORMATION:**

<b>3</b> Net long-term capital gain (loss) from investment in a qualified small business (amount already included in line 2, column (c))..... <b>3</b>			
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# 2014 Resident and Part-Year Resident Shareholder's Information Schedule

# Arizona Form 120S Schedule K-1

## Instructions for Shareholders

### Part I: Net Capital Gain from Investment in a Qualified Small Business – Information Schedule

For taxable years beginning from and after December 31, 2013, Arizona allows a subtraction from Arizona gross income for any net capital gain derived from investment in a qualified small business and included in the individual taxpayer's federal adjusted gross income or the federal taxable income of the estate and trust. A qualified small business is determined by the Arizona Commerce Authority pursuant to A.R.S. §41-1518. Although the subtraction is only available to individuals, estates and trusts, an S corporation shareholder that is a pass-through entity (estate or trust) will need this information to calculate its subtraction or complete the Arizona Form 141AZ, Schedule K-1 or Schedule K-1(NR), for each beneficiary.

#### Line 1 -

Line 1, is your distributive share of net capital gain (loss) from investment in a qualified small business. To determine if you qualify to take this subtraction on your Arizona tax return, see the instructions for Form 140, 140PY, or 141AZ.

### Part II: Net Long-Term Capital Gain Subtraction – Information Schedule

Beginning in 2013, Arizona allows a subtraction from Arizona gross income for a percentage of any net long-term capital gain from assets acquired **after** December 31, 2011 and included in the individual taxpayer's federal adjusted gross income or the federal taxable income of the estate or trust. Although the subtraction is only available to individuals, estates and trusts, an S corporation shareholder that is a pass-through entity (estate or trust) will need this information to calculate its subtraction or complete the Arizona Form 141AZ, Schedule K-1 or Schedule K-1(NR), for each beneficiary.

#### Line 2 -

Line 2, column (c), is your distributive share of net long-term capital gain (loss) from assets acquired after December 31, 2011.

#### Line 3 -

Line 2, column (c), may include amount(s) for any net long-term capital gain from investment in a qualified small business. If you take the allowable subtraction on your Arizona income tax return for any net long-term capital gain from assets acquired after December 31, 2011, you cannot include the amount on line 3, column (c), for net long-term capital gain from investment in qualified small business in that allowable subtraction. For more information see the instructions for Form 140, 140PY, or 141AZ.

#### Individual shareholder:

To determine if you qualify to take a subtraction from income on your Arizona income tax return, the individual shareholder must complete the *Worksheet for Net Long-Term Capital Gain Subtraction for Assets Acquired After December 31, 2011*. The worksheet is included in the instructions for the resident and part-year resident income tax returns (Arizona Form 140 and Form 140PY).

**Full-year residents** use the amounts on line 2 and line 3 in column (c) to figure the allowable subtraction on the worksheet included with Arizona Form 140.

**Part-year residents** use the amounts on line 2 and line 3 in column (c) that is included in your Arizona gross income to figure the allowable subtraction on the worksheet included with Arizona Form 140PY.

#### Fiduciary shareholder:

If the net long-term capital gain (loss) in Part II is taxed at the estate or trust level, use the amounts on line 2 and line 3 in column (c) to complete the *Worksheet for Net Long-Term Capital Gain Subtraction for Assets Acquired After December 31, 2011*. The worksheet is included in the instructions of Form 141AZ for the estate or trust.

If the net long-term capital gain (loss) in Part II is distributed to the beneficiaries, use the amounts in line 2 and line 3 in column (c) to complete the *Worksheet for Net Long-Term Capital Gain Subtraction for Assets Acquired After December 31, 2011*. The worksheet is included in the instructions of Form 141AZ. The worksheet will assist the estate or trust in completing the Net Long-Term Capital Gain Subtraction – Information Schedule on Form 141AZ, Schedule K-1 or Schedule K-1(NR), for each beneficiary.