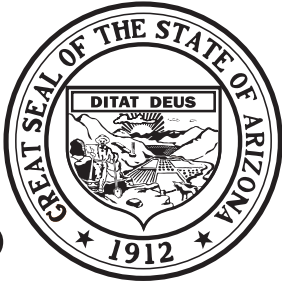


2021



Arizona Form 140NR

Nonresident Personal Income Tax Booklet

This Booklet Contains:

- Form 140NR – Nonresident Personal Income Tax Return
- Schedule A(NR) – Itemized Deduction
- Form 204 – Extension Request

Who must use

Arizona Form 140NR?

File a Form 140NR if you were not an Arizona resident but earned income from an Arizona source in 2021.

Where's my Refund?

Check your refund status at
www.AZTaxes.gov

View your 1099-G online at AZTaxes.gov

1099-Gs will no longer be mailed; print a copy of your 1099-G online at AZTaxes.gov

Before using paper,
consider



FILE ONLINE!

Fast: Faster processing of your refund and money in your account sooner.

Accurate: Fewer errors than paper forms. Online programs make it easy to ensure you don't miss anything important.

Affordable: If you qualify, it's free.

Paperless: Help the environment by reducing the paper usage.



Pay your taxes by credit card!

American Express ♦ Visa ♦ Discover Card ♦ MasterCard

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 it will adopt changes made

to the federal tax laws in the prior year. These forms assume the Legislature will adopt all federal law changes made after January 1, 2021. If you use the amounts from your 2021 federal tax return to complete your Arizona return and the Legislature does not adopt the 2021 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 and click on the link for 2021 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 2021, except for changes Congress made to the federal tax code during 2021 if either of the following apply:

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

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 2022. 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 enacted after March 11, 2021.

What does this mean to you? It means that if any of the federal law changes made after March 11, 2021 apply to your 2021 return, you can opt to file your 2021 return using one of the following methods:

1. *You can wait and file your 2021 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 2021 return assuming that the federal law changes will be adopted.* The 2021 tax forms make this assumption.

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

- If Arizona adopts the federal changes, you do not have to do anything more.
- If Arizona does not adopt all those changes, you may need to amend your 2021 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 webpage at <https://azdor.gov/legal/conformity-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 2021 return and you file and pay the required amended return by the extended due date of your 2022 return.

3. *You can file your 2021 return assuming that we will not adopt the federal law changes.* If you opt for this method, you will have to do all of the following.

- You will have to research all of the federal changes made after March 11, 2021.
- 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 2021 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 webpage at <https://azdor.gov/legal/conformity-irc>.

Due Date for Calendar Year Filers

Your 2021 individual income tax return is due by midnight on April 15, 2022. **However, because April 15, 2022 falls on a federal holiday, you have until Monday, April 18, 2022 to timely file your 2021 tax return.** If you file under a valid extension, your extended due date to file your income tax return is October 15, 2022. **However, because October 15, 2022 falls on a Saturday, you have until Monday, October 17, 2022 to timely file your 2021 tax return.**

2021 Changes to Income Tax Forms

Due to recent modifications to Forms 140, 140NR and 140PY, certain additions and subtractions (adjustments to Arizona Gross Income) have been moved from pages 1 and 2 to pages 5 (additions) and page 6 (subtractions).

2021 Arizona Standard Deduction Amounts Adjusted

The 2021 Arizona standard deduction amounts are:

- \$12,550 for a single taxpayer or a married taxpayer filing a separate return;
- \$25,100 for a married couple filing a joint return; and
- \$18,800 for individuals filing a head of household return.

Change to Standard Deduction Increase for Charitable Contributions Computation

For tax year 2021, taxpayers who did not itemize deductions on their 2021 federal return and elected to take the standard deduction on their Arizona tax returns are **not required to reduce** the total amount of their 2021 qualifying charitable contributions by the amount for which they took the allowable charitable contribution deduction on their federal tax returns.

2021 Individual Income Tax Brackets Adjusted for Inflation

For 2021, the Arizona individual income tax brackets on Tax Table X & Y were adjusted for inflation.

The 2021 Optional Tax Table (for taxpayers with taxable income less than \$50,000) was also adjusted for inflation. For specific amounts, see the Optional Tax Table and Tax Table X & Y.

2021 Tax Surcharge

Beginning with tax year 2021, Proposition 208, which was passed by voters in the 2020 general election, requires individuals with taxable incomes of more than \$250,000 (single and married filing separate) and more than \$500,000 (married filing joint and head of household) to remit an additional tax surcharge.

For taxpayers subject to the additional tax surcharge, Tax Tables X and Y were modified for 2021 to provide examples to help taxpayers compute and report their regular tax and tax surcharge amounts on their respective income tax returns (Forms 140, 140NR and 140PY).

Arizona Small Business Income (SBI) Tax

On July 9, 2021, Governor Doug Ducey signed into law Senate Bill 1783, creating a small business income tax by enacting Arizona Revised Statutes (A.R.S.) § 43-1701, effective for tax years beginning from and after December 31, 2020. The small business income tax rate for tax year 2021 is 3.5% of the amount of a taxpayer's computed Arizona small business taxable income.

Taxpayers filing Arizona Form 140, 140NR or 140PY with small business income reported on Federal Schedules B, C, D, E, F and Form 4797 and included in their federal adjusted gross income may *voluntarily elect* to report their small business income on the corresponding Arizona Small Business Income Tax return (Form 140-SBI (full-year resident), 140NR-SBI (nonresident) or 140PY-SBI (part-year resident)). This election is made annually by simply timely filing an SBI return and does not bind the taxpayer to having to report small business income separately in subsequent tax years.

Taxpayers who elect to report small business income on one of the forms listed above are required to adjust their regular income tax returns by reducing their federal adjusted gross income by the amount of small business income reported on the SBI returns.

Several new forms were created relating to the SBI tax form. They include, but are not limited to, the following.

- Form 301-SBI (nonrefundable tax credits claimed on the SBI tax return).
- Form 309-SBI (Credit for taxes paid to another state or country on Arizona small business income).
- Form 204-SBI for making extension payments for the small business income tax return.

For more information including filing requirements, see the SBI form and instructions applicable for your residency status.

Subtraction for Contributions to a 529 College Savings Plan

Recent legislation amended the amount of allowable contributions directly made to a 529 *College Savings Plan* on behalf of the designated beneficiary that can be subtracted from Arizona gross income if such contributions were not deducted in computing federal adjusted gross income. For tax year 2021, taxpayers may subtract the amount contributed during the year up to a maximum of \$2,000 per beneficiary (\$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 per beneficiary.

Subtraction for Contributions to 529A (ABLE) Accounts

In addition to the allowable subtraction for contributions to a 529 College Savings Plan, certain individual taxpayers may also take a subtraction for contributions made during the taxable year to a 529A, *Achieving a Better Life Experience (ABLE)* account, during the taxable year on behalf of the designated beneficiary if such contributions were not deducted in computing federal adjusted gross income.

For tax year 2021, taxpayers may subtract the amount contributed during the year up to a maximum of \$2,000 per beneficiary (\$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 per beneficiary.

For more information on the allowable subtraction for contributions to a 529 plan or 529A account, see the instructions for Forms 140, 140NR or 140PY.

Individual Tax Credits - Charitable Contributions: Forms 321, 322, 323, 348 and 352

The following credit forms were recently modified to require all taxpayers to provide the **date of each contribution** claimed on the specific tax credit form:

- Form 321: Contributions to Qualifying Charitable Organizations
- Form 322: Contributions Made or Fees Paid to *Public Schools*
- Form 323: Contributions to *Private School Tuition Organizations*
- Form 348: Contributions to Certified School Tuition Organizations
- Form 352: Contributions to Qualifying Foster Care Charitable Organizations

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

In 2021, Arizona legislation was passed to limit the qualified contributions or fees paid to community school meal programs. The amendment provides that *an amount paid by an individual to receive a meal or a meal card does not qualify as a fee or donation for community school meal programs.*

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

The allowable current year credit for contributions to private school tuition organizations was adjusted for inflation purposes. For 2020, the maximum current year credit is:

- \$611 for single or head of household taxpayers
- \$1,221 for married taxpayers filing a joint return
- \$611 for married taxpayers filing a separate return.

Credit for Contributions Made to Certified School Tuition Organizations (Form 348)

The allowable current year credit for contributions to a certified school tuition organization was adjusted for inflation purposes. For 2020, the maximum current year credit is:

- \$608 for single and head of household taxpayers
- \$1,214 for married taxpayers filing a joint return
- \$608 for married taxpayers filing a separate return.

New Individual and Corporate Nonrefundable Tax Credit (Form 353, Healthy Forest Production Tax Credit)

A.R.S. §§ 43-1076.01 and 43-1162 provide for nonrefundable individual and corporate income tax credits for processing qualifying forest products.

“Qualifying forest products” means dead standing and fallen timber, and forest thinnings associated with the harvest of small diameter timber, slash, wood chips, peelings, brush and other woody vegetation, removed from federal, state and other public forest land and from private forest land. Co-owners of a facility that processes qualifying forest products, including partners in a partnership and shareholders of an S corporation, may each claim a pro rata share of the credit allowed based on ownership interest.

For more information, see Credit Form 353 and instructions.

Required Adjustments to Arizona Gross Income Related to Medical Marijuana Dispensary, Testing Facilities and/or Adult Use Marijuana (including dual licensees) (Forms 140, 140NR, 140PY, 140-SBI, 140NR-SBI and 140PY-SBI)

The following is a list of four required adjustments to Arizona Gross Income related to Medical Marijuana Dispensary, Testing Facilities and/or Adult Use Marijuana (including dual licensees). If any of these apply, see the instructions for the form(s) you are filing. If you are filing a Small Business Income tax return, these adjustments are reported on that return. (*Note: line references are for the 2021 tax returns.*)

1. Sole Proprietorship *Loss* of an Arizona Nonprofit Medical Marijuana Dispensary included in Federal Adjusted Gross Income from Schedule C. (Addition)
 - Forms 140, 140NR and 140PY (page 5)
 - Forms 140-SBI (line 25); 140NR-SBI (line 24); 140PY-SBI (line 25)
2. Sole Proprietorship *Income* of an Arizona Nonprofit Medical Marijuana Dispensary included in Federal Adjusted Gross Income from Schedule C. (Subtraction)
 - Forms 140, 140NR and 140PY (page 6)
 - Forms 140-SBI (line 45); 140NR-SBI and 140PY-SBI (line 42)

3. Sole Proprietorship – Marijuana Establishment, Testing Facilities and Dual Licensees That Elected to Operate on a For-Profit Basis. (Subtraction)
 - Forms 140, 140NR and 140PY (page 6)
 - Forms 140-SBI (line 46); 140NR-SBI and 140PY-SBI (line 43)
4. S Corporation Shareholders of Marijuana Establishments, Testing Facilities and Dual Licensees That Elected to Operate on a For-Profit Basis: individual shareholders pro-rata share of expenses related to sales of adult use products. (Subtraction)
 - Forms 140, 140NR and 140PY (page 6)
 - Forms 140-SBI (line 47); 140NR-SBI and 140PY-SBI (line 44)

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 2021 Federal Earned Income Tax Credit Eligibility Table		
Number of Qualifying Children	Earned Income (less than)	Maximum Credit
0*	\$21,430 (\$27,380 if MFJ)	\$1,502
1	\$42,158 (\$48,108 if MFJ)	\$3,618
2	\$47,915 (\$53,865 if MFJ)	\$5,980
3 or more	\$51,464 (\$57,414 if MFJ)	\$6,728

*your age 25 - 64

MFJ = Married Filed Jointly

Tax Year 2021 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 2021 tax year	\$2,000 per child

Parents and children must have Social Security Number or ITIN (Individual Taxpayer Identification Number) to claim credit.

Do you qualify for the Arizona Family Tax Credit and/or Dependent Tax Credit?
To determine if you qualify to claim the Arizona Family Tax Credit and/or the Dependent Tax Credit, see the instructions for Forms 140, 140A, 140EZ and 140PY. Nonresidents filing Form 140NR cannot claim the Arizona Family Tax Credit but you may still qualify to claim the Dependent Tax Credit.

Arizona Increased Excise Tax Credit Eligibility Table	
Qualifications	Income
Eligibility depends on Arizona residency and filing status	\$25,000 or less per year

<h2>To Qualify!</h2> <p>You must file your state and federal taxes</p>
<h2>How To File!</h2> <p>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.</p>
<h2>Where To File!</h2> <p>For locations call2-1-1 within Arizona From anywhere (877) 211-8661 TDD/TTY AZ Relay..... 7-1-1 or (800) 367-8939 Website: www.211arizona.org</p>
<h2>Earn it! Keep it! Save it!</h2> <ul style="list-style-type: none"> • Save for a House • Save for a Car • Save for a College Education

ARIZONA SMALL BUSINESS INCOME TAX

On July 9, 2021 Governor Ducey signed into law [Senate Bill 1783](#) establishing [Title 43 Chapter 17](#) (Small Businesses, which provides for an alternative tax for Arizona small business income. Beginning with tax year 2021, a taxpayer may elect to file a separate **small business income tax return (Form 140-SBI, 140NR-SBI or 140PY-SBI)** to report their share of Arizona small business gross income.

The election is made separately for *each* tax year and is effective by reporting Arizona small business income on a *timely filed* Arizona small business income tax return (SBI). The SBI tax return will be considered timely if filed together with the taxpayer's regular income tax return on or before the due date (including valid extensions).

A taxpayer who elects to file an SBI tax return is required to make an adjustment reducing their federal adjusted gross income reported on the **regular individual income tax return (Form 140, 140NR or 140PY)** by the total amount of Arizona small business gross income reported on their SBI tax return. The Arizona small business gross income is determined by adding the amounts plus the portion of federal Schedule D that represents capital gains (losses) from the disposition of a non-publicly traded ownership interest or from the disposition of a capital asset used in a trade or business. Only amounts that are included in the taxpayer's federal adjusted gross income may be included in Arizona small business gross income.

Note: For **Arizona nonresidents**, Arizona small business gross income is that portion of federal adjusted gross income that represents small business income from sources within Arizona; for **Arizona part-year residents**, Arizona small business income includes all small business income earned while a resident and only that portion of small business income from Arizona sources during the period of non-residency included in the taxpayer's federal adjusted gross income. .

The SBI tax return **must** be filed with the regular income tax return to be accepted. If the taxpayer does not file both returns together, the election may be denied and the adjustment to federal adjusted gross income may be disallowed.

A taxpayer may revoke their election on a timely filed amended Arizona small business tax return (Form 140X-SBI) and corresponding amended Arizona individual income tax return (Form 140X).



Items to consider when filing a Small Business Income tax return

The following is provided to give general information when filing a SBI tax return. For more information relating to required adjustments, allowable tax credits and computing the tax amount, see the SBI instructions before completing the SBI tax return. You may also want to review the instructions for the regular tax return before completing the SBI tax return.

Forms and instructions are available at: <https://azdor.gov/forms/individual>

Due Date (Forms 204 and 204-SBI)

The due date is the same as the due date for a regular individual income tax return. For calendar year filers, the due date is April 15. Because April 15, 2022 falls on a federal holiday, taxpayers have until April 18, 2022 to timely file their 2021 Arizona tax returns.

If you cannot file your SBI return by the due date, a taxpayer may file Form 204, *Application for Filing Extension*, providing an automatic 6-month extension to file both the regular and SBI tax returns. The extension request must be filed on or before the original due date. Taxpayers are not required to file a separate Form 204 for the SBI tax return. Form 204 will also provide the same extension period for the SBI return. Generally, an extension request would allow the taxpayer to file on or before October 15. Because October 15, 2022 falls on a weekend, taxpayers have until October 17, 2022 to timely file their 2021 Arizona tax return(s).

Note: *Keep in mind, an extension request does not provide an extension to pay your small business income taxes. Taxpayers must pay their taxes by the original due date of the return to avoid any late payment penalty.*

ARIZONA SMALL BUSINESS INCOME TAX

Form 204-SBI, *Extension Payment*, is used **only** to remit a required extension payment for the Small Business Income tax return. Do **not** file this form to request an extension of time to file the SBI tax return. For more information see Form 204-SBI.

AZ Form 301-SBI, Nonrefundable Individual Tax Credits and Recapture, for Small Business Income

Most nonrefundable income tax credits available to claim on the regular income tax return are also available to claim on the SBI return. A taxpayer that qualifies for any tax credit shown on page 1 of Form 301-SBI must claim that tax credit on the SBI return and not on the regular individual tax return. The credit cannot be “split” between the two tax returns. However, a taxpayer may “transfer” all or a portion of any nonrefundable tax credit remaining (not used) on the SBI return. To transfer a credit amount, the taxpayer must have a tax liability remaining on their regular income tax return after applying regular return credits against the tax liability shown on the regular individual income tax return. A taxpayer determines if they are eligible to transfer any credit amount and the amount available to transfer by completing page 3 of Form 301-SBI. If the taxpayer transfers any available credit from the 301-SBI, that amount is entered on Form 301. For TY 2021, the transfer amount is reported on Form 301, line 60. For more information, see Forms 301-SBI and 301 and their related instructions.

Note: *Tax credits claimed for qualifying contributions to qualified charitable organizations (Credit Forms 321, 322, 323, 348 and 352) cannot be claimed on Form 301-SBI and must be claimed on the taxpayer’s regular tax return.*

Credit for Income Taxes Paid to Other States (Arizona Credit Form 309-SBI)

SB 1783 (A.R.S. § 43-1701) also establishes a Credit for Income Taxes Paid to Other States, allowed against Arizona smallbusiness income tax liability, for net income taxes imposed by and paid to another state or country on the same Arizona small business taxable income taxed by both Arizona and the other state or country. For more information, see Form 309-SBI.

Small Business Income Estimated Tax Payments

For tax year 2021, a taxpayer is (was) not required to remit SBI estimated tax payments. The department will not assess a penalty for underpayment of estimated taxes on any amount not remitted.

Note: *The taxpayer is still subject to the late payment penalty (including applicable interest) for the amount of taxes not paid by the original due date of the return. The department will not assess a late filing penalty on the SBI tax return. If the taxpayer fails to timely file the SBI tax return (either by the normal due date or extended due date), the election will be denied and the adjustment (decrease to federal adjusted gross income) made on the regular tax return for small business income will be disallowed. In this case, all income is reported on the regular income tax form.*

Beginning with tax year 2022, a taxpayer is required to pay estimated tax in four equal installments (25% of the required annual estimated tax payment) if the taxpayer’s liability is at least \$1,000. Use Form 140ES-SBI, *Individual Estimated Income Tax Payment (Small Business Income Tax Return)*, to remit the required amount of quarterly estimated taxes. Page 2 of Form 140ES-SBI includes a worksheet to determine the required amount of each quarterly tax payments.

For TY 2022, the tax is equal to 3.0% of small business taxable income reported on the SBI tax return.

The amount of the required payment is the lesser of:

- a) 90% of the tax shown on the return for the TY or, if no return is filed, 90 percent of the tax for that year;
- b) 100% of the tax shown on the small business income tax return for the preceding TY — unless the preceding TY was not 12 months; or the small business did not file a return for the preceding TY that indicated a liability.

If the taxpayer fails to remit the required estimated tax payment (Form 204-SBI), the department may assess an underpayment of estimated taxes penalty on any amount not timely remitted.

ARIZONA SMALL BUSINESS INCOME TAX

Composite income tax return in Another State

A small business taxpayer who participates in a composite income tax return in another state may claim a credit for taxes paid to the other state if the taxes paid to the other state are imposed on — and paid directly — by the small business taxpayer and not the entity and if the:

- a) Small business taxpayer makes direct payment to the other state;
- b) Small business taxpayer makes direct payment to the entity filing the composite income tax return;
- c) Entity charges the small business taxpayer's loan account for the amount of the tax; and
- d) Entity reduces the small business taxpayer's capital account.

If the taxpayer claims the credit for taxes paid to a foreign country, to use the conversion rate in effect on the date the taxpayer paid the taxes to the foreign country.

If any taxes paid to another state or country are credited or refunded and the taxpayer has been allowed a credit, to immediately report that fact to DOR.

If any taxes paid to another state or country are credited or refunded, a tax equal to the credit allowed for the taxes credited or refunded by the other state or country to be paid by the taxpayer on notice and demand from DOR



For the purpose of the Small Business Income tax return:

1. "Arizona small business" means an activity that generates Arizona small business gross income.
2. "Arizona small business adjusted gross income" of a resident taxpayer means the Arizona small business gross income subject to the adjustments provided in article 3 of this chapter. A.R.S. § 43-1721 (additions and subtractions to Arizona small business gross income).

NOTE: *In computing Arizona small business adjusted gross income, the additions and subtractions provided in sections 43-1021 and 43-1022 shall be made but only to the extent the additions and subtractions directly relate to Arizona small business gross income. The subtraction for SBI provided in section 43-1022, paragraph 28 may not be included as a subtraction under this chapter.*

Deductions other than those deductions already reflected in the net amounts reported on the federal schedules prescribed in section 43-1701 may not be taken against Arizona small business adjusted gross income in computing Arizona small business taxable income.

3. "Arizona small business gross income" of a resident taxpayer:
 - (a) Means the sum of the amounts, whether positive or negative, that are included in a taxpayer's federal adjusted gross income for the taxable year, computed pursuant to the internal revenue code, and that are reported on the following schedules and forms or on equivalent successor schedules and forms designated by the internal revenue service:
 - (i) Schedule B, interest and ordinary dividends.
 - (ii) Schedule C, profit or loss from business.
 - (iii) Schedule E, supplemental income or loss.
 - (iv) Schedule F, profit or loss from farming.
 - (v) Form 4797, sale of business property.
 - (vi) Form 4835, farm rental income and expenses.
 - (b) Includes any amount reported on schedule D, capital gains and losses, that is recognized with respect to either the taxable disposition of an ownership interest in any entity other than a publicly traded entity, or the taxable disposition of capital assets used in connection with a trade or business activity, including goodwill and going concern value.
4. "Arizona small business taxable income" of a resident taxpayer means the Arizona small business adjusted gross income minus any deductions allowable in article 4 of this chapter.

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2021 Nonresident 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.

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 select *Reports, Statistics and Legal Research* from the main menu then click on *Legal Research* and select a *document* and *category* type from the drop down menus.

Publications

To view or print the department's publications, go to our website select *Reports, Statistics and Legal Research* from the main menu then click on *Publications* in the left had column.



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Visit our website at www.azdor.gov for a listing of approved *e-file* providers and on-line filing sources.

** For free *e-file* requirements, check out our website at www.azdor.gov.

NOTE: FOR ALL COMPOSITE NONRESIDENT PERSONAL INCOME TAX RETURNS

- *If this return is filed as a Nonresident Composite Personal Income Tax Return, check box 13 on page 1 of the return and see the instructions, beginning on page 28, for completing a composite return.*
- *A composite nonresident return cannot be e-filed. Partnerships and S corporations filing a composite return on behalf of its nonresident partners or nonresident shareholders must mail Form 140NR to the department.*

AVOID PROCESSING DELAYS: Are you mailing your Arizona income tax return? *If you are mailing your return to the department, see page 23 for assembly order (for sequence) information.*

Are You Subject to Tax in Arizona?

If you are in this state for a temporary or transitory purpose or did not live in Arizona but received income from sources within Arizona during 2021, you are subject to Arizona tax. You are subject to Arizona income tax on all income derived from Arizona sources. Income from Arizona sources includes the following:

- wages;
- rental income;
- business income;
- the sale of Arizona real estate;
- interest and dividends having a taxable or business situs, in this state; and
- any other income from an Arizona source.

Do You Have to File?

Arizona Filing Requirements These rules apply to all Arizona taxpayers.	
You must file if you are:	and your gross income is more than:
● Single	\$12,550
● Married filing joint	\$25,100
● Married filing separate	\$12,550
● Head of Household	\$18,800
<p>If you are a nonresident, you must report income derived from Arizona sources. To determine if you meet the gross income threshold amount above, multiply the amount by the percentage of your federal adjusted gross income that represents your Arizona gross income (income ratio shown on line 27 of Form 140NR).</p>	
<p>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 that Arizona law does not tax. Income that Arizona law does not tax includes:</p>	
<ul style="list-style-type: none"> ● 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; ● pay received for active service as a member of the Reserves, National Guard, or the U.S. Armed Forces; or ● benefits, annuities and pensions as retired or retainer pay of the uniformed services of the United States 	
<p>Income earned by a qualifying out-of-state employee from performing qualified disaster recovery work during a disaster period is exempt from Arizona income tax. For more information, see the instructions for line 15.</p>	

NOTE: *Even if you do not have 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?

NOTE: *If you were an Arizona resident when you entered the service, you remain an Arizona resident, no matter where you are stationed, until you establish a new domicile. For more information, see the instructions under **Residency Status**.*

You must file if you meet the Arizona filing requirements unless **all** 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 **not** an Arizona resident, but you are 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*.

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.

Determining 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 Arizona tax on all income no matter where the resident earns the income.

If you are a full year resident, you **must** file Arizona Form 140, Form 140A, or Form 140EZ.

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 2021:

- 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 (including nonresident aliens), 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 2021, 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 2021 and you did not remarry in 2021 or if your spouse died in 2022 before filing a return for 2021, you may file a joint return. If your spouse died in 2021, the joint return should show your spouse's 2021 income before death and your income for all of 2021. If your spouse died in 2022, before filing the 2021 return, the joint return should show all of your income and all of your spouse's income for 2021. 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?

NOTE: *If the due date for an income tax or related payment falls on a weekend and/or legal holiday, the filing or payment is considered timely if filed or paid on the next business day and that business day is a day other than Saturday, Sunday or a legal holiday.*

When Should You File?

Your 2021 calendar year tax return is due no later than midnight, April 15, 2022. File your return as soon as you can after January 1, 2022, but no later than April 15, 2022. **Because April 15, 2022 falls on a federal holiday, you have until Monday, April 18, 2022 to timely file your 2021 tax 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. If you request an extension to file your 2021 calendar year tax return, your due date is October 15, 2022. **Because October 15, 2022 falls on a Saturday, you have until Monday, October 17, 2022 to timely file your 2021 tax return.**

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, 2022. 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** (above your name) on page 1 of the return. If you must make a payment, use Arizona Form 204, or visit 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** (above your name) on page 1 of the 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 15, 2022, even though your federal return is due on June 15, 2022. **Because April 15, 2022 falls on a federal**

holiday, you have until Monday, April 18, 2022 to timely file your 2021 tax return. If you want to file your Arizona return after April 18, 2022, you must ask for a filing extension. You must file this request by April 18, 2022. Arizona will allow up to a 6-month extension. This will allow you to file your return by October 15, 2022. See Form 204 for extension filing details. **Because October 15, 2022 falls on a Saturday, you have until Monday, October 17, 2022 to timely file your 2021 tax return. 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 17, 2022, even though your federal return will not be due until December 15, 2022. If you file your 2021 Arizona calendar year return after October 17, 2022, your return will be late.

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 2021 calendar year return by April 18, 2022, 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 140NR. 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 and mail 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 2022?

You must make Arizona estimated income tax payments during 2022 if:		
Your filing status is:	AND your Arizona gross income for 2021 was greater than:	AND your Arizona gross income for 2022 is greater than:
Single	\$ 75,000	\$ 75,000
Married filing joint	\$150,000	\$150,000
Married filing separate	\$ 75,000	\$ 75,000
Head of Household	\$ 75,000	\$ 75,000

If you met the income threshold for 2021, you must make estimated payments during 2022 unless you are sure you will not meet the threshold for 2022. As a nonresident, your Arizona gross income is that part of your federal adjusted gross income derived from Arizona sources. Your Arizona gross income is on line 26 of the 2021 Form 140NR.

Use 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

- You must complete your federal return before you can start your Arizona return.
- 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.
- If you are mailing your return, see page 25 for the assembly order.
- Make sure you include your daytime telephone number.
- If filing a fiscal year return, fill in the period covered.

Entering Your Name, Address, and SSN

Lines 1, 2, and 3

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

Enter 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 first 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. 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.

NOTE: If a partnership or S Corporation files a composite return on behalf of its nonresident partners or shareholders, the entity filing the return should enter its EIN in place of the SSN. For example, if the entity's EIN is 98-7654321, the entity would enter its EIN as 987-65-4321.

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 in the last 4 years, enter any other last name(s) that you or your spouse used when filing your return during that period.

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 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 140NR.

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, 2021. 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 2021 and you did not remarry in 2021. See page 2 of these instructions for details.

If you are married to an Arizona full year resident, you may file a joint return with your Arizona resident spouse. If filing a joint return with your Arizona resident spouse, you must use Form 140NR.

NOTE: For help on filing a joint return with your full-year resident 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 4a - Injured Spouse Protection of Joint Overpayment

Check box 4a **only** if you and your spouse are filing a joint return and you or your spouse qualify as an injured spouse and are requesting protection from application of any joint overpayment against the other spouse's delinquencies or debts for back child support, court fees, and fees to counties, cities or educational institutions. **The taxpayer (spouse) requesting injured spouse protection must have Arizona income with taxes withheld and reported on their own Form W-2 or Form 1099.**

NOTE: You cannot use Form 203 to request protection from offset for past-due federal taxes. You must contact the IRS.

You **must** complete Arizona Form 203, *Request for Injured Spouse Protection from Application of Joint Overpayment Against Spouse's Delinquencies and Debts*, and include that form with your tax return when filed. Place the completed form on top of your income tax return. For more information, see the instructions for Form 203.

Box 5 - Head of Household Return

If you are filing as a head of household, check box 5. 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, or
- 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, 2021, 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. If one spouse is a resident and the other spouse is not, special rules apply when filing a separate return.

For more information on how to report income in this case, see the department's ruling, ITR 93-20, *Income Reporting Requirements of Resident and Nonresident Spouses Who File Separate Arizona Individual Income Tax Returns*; and the department's publication, Pub. 200, *Income Tax Issues Affecting Married and Divorced Taxpayers*.

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

Box 7 - Single Return

If you are filing as single, check box 7.

Use this filing status if you were single on December 31, 2021. 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, 2021, you did not remarry in 2021, 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 - Boxes 8 and 9

Enter the number of exemptions you are claiming in boxes 8 and 9. **Do not put a check mark.** You may lose the exemption if you put a checkmark in these boxes.

Box 8 - Age 65 or Over

NOTE: *If a taxpayer's 65th birthday was January 1, 2022 (born 1/1/57), that person is considered to be age 65 at the end of 2021 for federal income tax purposes and likewise for Arizona income tax purposes.*

- If you are single or filing as head of household, enter "1" in box 8 if you were 65 or older in 2021 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 2021 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 2021 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, 2021, you must get a statement certified by your eye doctor or registered optometrist that either:

- You cannot see better than 20/200 in your better eye with glasses or contact lenses, or
- 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 your spouse (1) 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.

Dependents - Boxes 10a and 10b

Boxes 10a and 10b

Boxes 10a and 10b identify the *number* of your qualifying dependents that are either under the age of 17 (box 10a) or age 17 and over (box 10b). This information is used to compute the allowable Dependent Tax Credit. Include only those dependents in box 10a or 10b that you are using to compute the allowable Dependent Tax Credit on line 59.

Lines 10c through 10f

You must complete the dependent information section (lines 10c through 10f on page 1 (and Part 1 on page 4, if more space is needed), for each person counted in either box 10a or 10b.

Be sure to check the box on page 1 indicating you are completing page 4.

You may claim only those individuals that qualify as your dependent for federal purposes. For each qualifying individual, enter the following information:

- first and last name;
- SSN;
- relationship to taxpayer;
- the number of months this person lived in your home;

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 box 1 (for box 10a) if this person is under the age of 17 or
- check box 2 (for box 10b) if this person is age 17 or over;
and
- check the box if you did not claim this person on your federal return due to educational credits.

NOTE: *If you did not claim a dependent who is 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 dependent 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?

You may lose the dependent tax credit if you do not furnish this information. Enter the total number of dependents in box 10a and 10b.

Reporting Your Residency Status

Check the appropriate box (11 through 13). Check only one box.

Box 11 - Nonresident

Check box 11 if you were not an Arizona resident during 2021, and were not on active military duty in Arizona.

Box 12 - Nonresident Active Military

Check box 12 if you were a nonresident on active duty military assignment in Arizona during 2021.

Box 13 - Composite Return

Check box 13 if this is a composite return filed by a partnership on behalf of its nonresident partners or an S Corporation on behalf of its nonresident shareholders.

For a list of qualifications and additional information on filing an Arizona composite nonresident income tax return, see the department's ruling, ITR 16-2, *Composite Individual Income Tax Returns*.

IMPORTANT – SPECIAL INSTRUCTIONS FOR COMPOSITE RETURNS: *Go to page 28 to complete a composite nonresident personal income tax return.*

Determining Arizona Income**Line 14 - Spouse of Active Duty Military Member**

Check the box on line 14 if you are married and the spouse of an active duty military member, and you qualify for relief under the Military Spouses Residency Relief Act. For information about who qualifies for relief, see the department's publication, Pub. 705, *Spouses of Active Duty Military Members*.

Use lines 15 through 27 to determine what portion of your total income is taxable by Arizona.

NOTE: *If you are unable to determine the proper line to use, please call one of the numbers listed on page 1.*

FEDERAL Column

Enter the actual amounts shown on your 2021 federal income tax return in the FEDERAL column. Complete lines 15 through 25. Line 25 should equal the federal adjusted gross income shown on your 2021 federal Form 1040 or Form 1040NR.

ARIZONA Column

Enter that portion of your federal income received from Arizona sources in the ARIZONA column. Such income includes wages earned in Arizona, Arizona rental and business income, and gains on the sale of Arizona property.

NOTE: *If you are filing a joint return with your full year resident spouse, you must enter your Arizona source income in the ARIZONA column and your spouse must enter all income from all sources in the ARIZONA column. For details, 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.*

The Tax Reform Act of 1986 limits the amount of losses that you may deduct from passive activities. A passive activity is one that involves the conduct of any trade or business in which the taxpayer does not materially participate.

As a nonresident, your Arizona gross income may include some of these losses. You may consider only those passive losses that arose from Arizona sources. Your 2021 Arizona gross income can include only Arizona source losses you used on your 2021 federal return.

Lines 15 through 24 – Arizona column

The following line-by-line instructions apply to the ARIZONA column.

Line 15 - Wages, Salaries, Tips, etc.

Enter all amounts received for services performed in Arizona.

Income earned by a qualifying out-of-state employee, from performing qualified disaster recovery work during a disaster

period, is exempt from Arizona income tax. Exclude this income from line 15 in the Arizona column.

For the purpose of this exemption, a qualifying out-of-state employee is an Arizona nonresident individual who is temporarily in Arizona to solely perform qualified disaster recovery work during a disaster period. For more information, see the department's publication, Pub. 720.

NOTE: Active Duty Military Members - Do not include active duty military pay unless the active duty military member is an Arizona resident filing a joint return with his or her Arizona nonresident spouse on Form 140NR. If you are an Arizona resident active duty military member including military pay on line 15 in the "ARIZONA" column, also include that amount in the amount entered as an "Other Subtraction From Income" on page 2, line 45.

NOTE: Spouses of Active Duty Military Members If you are the spouse of an active duty military and you qualify for relief under the Military Spouses Residency Relief Act, do not enter any wages, salaries, or tips you earned during the taxable year for services performed in Arizona.

Line 16 - Interest

If you have an Arizona business, enter only interest (including U.S. Government interest) you earned on accounts pledged as collateral. Also, enter your distributive share of interest from a partnership doing business in Arizona or an S corporation doing business in Arizona. Do **not** include any other interest income, even if it was earned in Arizona banks.

Line 17 - Dividends

If you have an Arizona business, enter only those dividends earned on stocks pledged as collateral, including dividends from small business corporations. Also, enter your distributive share of dividend income from a partnership doing business in Arizona or an S corporation doing business in Arizona. Do **not** include any other dividend income.

Line 18 - Arizona Income Tax Refunds

Enter the amount of Arizona income tax refunds received in 2021 that you included in your federal adjusted gross income.

Line 19 - Business Income or (Loss)

Enter income or (loss) from Arizona businesses.

Income earned by a nonresident who is a sole owner of a qualifying out-of-state business from performing qualified disaster recovery work during a disaster period is exempt from Arizona income tax. Exclude this income from line 19 in the Arizona column.

For the purpose of this exemption, a qualifying out-of-state business is a business that is temporarily in Arizona to solely perform qualified disaster recovery work during a disaster period. For more information, see the department's publication, Pub. 720, *Disaster Recovery Tax Relief*.

Line 20 - Gains or (Losses)

Enter gains or (losses) on sales of Arizona sourced property. Enter the total Arizona sourced net capital gain or (loss) used to

determine the amount 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 reported the maximum allowable net capital (loss) for the current taxable year on your federal return, enter the total amount of Arizona sourced loss used to compute the net capital loss claimed on your federal return.

For example: A single taxpayer has a \$3,000 capital gain from property in State XYZ and a (\$7,000) capital (loss) from property in Arizona resulting in a (\$4,000) net federal capital loss. [\$3,000 gain – (\$7,000 loss) = (\$4,000 net loss)]

Because the taxpayer is limited to claiming a loss in the amount of (\$3,000) on the federal tax return, the taxpayer must carryforward the remaining amount of the loss (\$1,000) for federal purposes. [(\$4,000 actual loss) – \$3,000 limit = (\$1,000 loss carryforward)]

- For the current tax year: the Arizona nonresident taxpayer would enter the loss actually used, (\$6,000), on line 20 of the Arizona column. [(\$7,000) – (\$1,000 carryforward) = (\$6,000)].
- In the year the carryforward amount is used for federal purposes, assuming the taxpayer has no other gains or (losses), the taxpayer would enter the remaining Arizona sourced capital loss (\$1,000) on line 20 of the Arizona column.

Line 21 - Rents, etc.

Enter the following income on line 21:

- Rent or royalty income earned on Arizona properties.
- Income from Form 141AZ Schedule K-1(NR), line 2 from estates or trusts.
- Income or (loss) from Schedule(s) K-1(NR) from Arizona partnerships (Arizona Form 165) or small business corporations (Arizona Form 120S).

Line 22 - Other Income Reported on Your Federal Return

Enter other income from sources within Arizona. Do not include pension income or social security taxed by the federal government. Include your own schedule with the tax return.

Line 23 - Total Income

Add lines 15 through 22 and enter the total.

Line 24 - Other Federal Adjustments

On line 24, include any other federal adjustments included in your federal adjusted gross income that are attributable to the Arizona source income reported on your 2021 Arizona nonresident return.

Line 25 - Federal Adjusted Gross Income

Subtract line 24 from line 23 in the **FEDERAL** column.

Line 26 - Arizona Gross Income

Subtract line 24 from line 23 in the **ARIZONA** column.

Line 27 - Arizona Income Ratio

Divide line 26 by line 25 and enter the result on line 27. You must round your answer to **three** decimal places. **Do not enter more than 1.000.** Do not include the percent sign (%) with the amount entered on line 27.

This is your Arizona income ratio of your total income.

Examples:		
Arizona Gross Income from line 26	Federal Adjusted Gross Income from line 25	Arizona income ratio
\$ 17,516	\$ 32,000	$17,516/32,000 = .547375$ enter on line 27: <input type="text" value="."/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="7"/>
\$ 25,650	\$ 92,100	$25,650/92,100 = .278501$ enter on line 27: <input type="text" value="."/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="9"/>
\$ 10,000	\$ 9,000	$10,000/9,000 = 1.11111$ enter on line 27: <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>

- If Arizona gross income and federal adjusted gross income are both positive and Arizona’s gross income is greater than the federal adjusted gross income, enter 1.000 on line 27.
- If Arizona gross income is positive (greater than zero), and federal adjusted gross income is equal to or less than zero (negative), enter 1.000 on line 27.
- If Arizona gross income is equal to or less than zero (negative), and federal adjusted gross income is more than zero, enter 0.000 on line 27.
- If Arizona gross income and federal adjusted gross income are both zero, enter 1.000 on line 27.
- If Arizona gross income is zero, and federal adjusted gross income is negative, enter 0.000 on line 27.
- If Arizona gross income and federal adjusted gross income are both negative, divide the Arizona amount by the federal amount and enter the result on line 27. The result cannot be more than 1.000.

Arizona Small Business Tax Return

Beginning with tax year 2021, individuals may elect to report their small business income on Arizona Form 140NR-SBI, Small Business Income, for the small business income amount included in their federal adjusted gross income.

An individual’s small business income is reported on federal Schedules B, C, D, E, F and Form 4797 (for amounts not included on Schedule D). For more information, see Form 140NR-SBI and instructions.

How do I elect to report small business income on Arizona Form 140NR-SBI?

Taxpayers make the election by simply completing Form 140NR-SBI reporting their small business income **and including the completed form with their Form 140NR tax return, when filed.**

NOTE: You must include Form 140NR-SBI with your Form 140NR, when filed. If you do not include Form 140NR-SBI with your Form 140NR, processing of your return may be delayed or your subtraction on line 28 may be denied.

Modified Arizona Gross Income

Line 28 - Small Business Income

If you elect to report your small business income on Arizona Form 140NR-SBI, check the box on line 28 and enter the amount of small business income reported on Form 140NR-SBI, line 10.

If you are not making this election, enter “0” on line 28.

Line 29 – Modified Federal Adjusted Gross Income

Subtract line 28 from line 26.

Additions to Income

Line 30 - Total Depreciation Included in Arizona Gross Income

If you are making the small business election, do not make the addition here, make it on the 140NR-SBI tax return.

Enter the amount of depreciation deducted on the federal return that is included in Arizona gross income. If you make an entry here, you should also take a subtraction on line 40 for allowable depreciation attributable to assets used in your Arizona business. See the instructions for line 40.

Line 31 - Partnership Income Adjustment (Positive)

If you are making the small business election, do not make the addition here, make it on the 140NR-SBI tax return.

Depending on your situation, you may either add (line 31) or subtract (line 41) this amount.

Use this adjustment if line 17, column (c) of your Arizona Form 165 Schedule K-1(NR), shows a difference between federal and state distributable income.

If the difference reported on line 17, column (c) of your Arizona Form 165 Schedule K-1(NR) is a positive number, enter that portion of the difference that is allocable to partnership income taxable by Arizona as an addition on line 31.

NOTE: If the difference reported on line 17, column (c) of your Arizona Form 165 Schedule K-1(NR) is a negative number, enter the portion of the difference that is allocable to partnership income taxable by Arizona as a subtraction on line 41.

Line 32 - Other Additions to Income

Use line 32 if any of the special circumstances below apply.

NOTE: *If you are reporting any adjustment on line 32, complete the schedule on page 5 of your tax return, Other Additions to Arizona Gross Income, and include it with your return. If you are not reporting any adjustment on line 32, do not include page 5 with your return.*

A. Fiduciary Adjustment - Form 141AZ Schedule K-1(NR)

If you are making the small business election, do not make the addition here, make it on the 140NR-SBI tax return.

A fiduciary uses Form 141AZ Schedule K-1(NR) to report to you your share of the fiduciary adjustment from the trust or estate. Line 5 of Form 141AZ Schedule K-1(NR) shows your share of the fiduciary adjustment from the estate or trust.

Depending on your situation, you may either add (line 32) or subtract (line 45) this amount.

If the amount reported on line 5 of your Arizona Form 141AZ, Schedule K-1(NR) is a positive number, include that amount as an addition on line 32.

NOTE: *If the amount reported on line 5 of your Arizona Form 141AZ Schedule K-1(NR) is a negative number, include that amount as a "Subtraction from Income" on line 45.*

B. 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 back such amounts to your Arizona gross income.

C. Claim of Right Adjustment for Amounts Repaid in 2021

NOTE: *For items C and D; taxpayers that made the election to file an Arizona Small Business Income Tax Return in 2021, if the income required to be paid back under the claim of right is the type of income that would be included in lines 4 through 9 of the 140NR-SBI return if the income were reported in 2021, the adjustment should be made in the 140NR-SBI return. All other claim of right adjustments should be made on the regular 140NR return.*

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

1. During 2021, you were required to repay amounts held under a claim of right.
2. The amount required to be repaid was subject to Arizona income tax in the year included in income.
3. The amount required to be repaid during 2021 was more than \$3,000.
4. You took a deduction for the amount repaid on your 2021 federal income tax return.
5. The deduction taken on your federal income tax return is reflected in your Arizona taxable income.

If the above apply, include the amount deducted on your federal income tax return which is reflected in your Arizona taxable income. For more information see the department's procedure, ITP 16-1, *Procedure for Individuals Who Restore Substantial Amounts Held Under a Claim of Right*.

D. 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 2021, you were required to repay income 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 2021 Arizona taxable income.
5. The amount of the loss carryover included in your Arizona gross income is more than the amount allowed to be taken into account for Arizona purposes.

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

E. Addition to S Corporation Income Due to Credits Claimed

If you are making the small business election, do not make the addition here, make it on the 140NR-SBI tax return.

Shareholders of an S Corporation who claim a credit passed through from an S Corporation must make an addition to their 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. Shareholders must include an amount on this line when claiming any of the following credits:

- Agricultural Water Conservation System Credit (Form 312)
- Pollution Control Credit (Form 315)

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

If you are making the small business election, do not make the addition here, make it on the 140NR-SBI tax return.

If you claim a credit for an investment in a qualified small business on Form 338, 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 2021 taxable year, include the amount by which the adjusted basis computed under the Internal Revenue Code (IRC) with respect to that property exceeds the adjusted basis of the property computed under A.R.S. § 43-1074.02.

G. Sole Proprietorship Loss of an Arizona Nonprofit Medical Marijuana Dispensary Included in Federal Adjusted Gross Income

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.*

If you are making the small business election, do not make the addition here, make it on the 140NR-SBI tax return.

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.

In addition, a sole proprietorship of an Arizona dual licensee that has **not elected to operate on a for-profit basis** may subtract the portion of income included in federal adjusted gross income that is from the medical marijuana portion of the business.

NOTE: A dual licensee that elects to operate on a for-profit basis does not qualify for a subtraction for the medical marijuana portion of their business.

H. Americans with Disabilities Act Access Expenditures

If you are making the small business election, do not make the addition here, make it on the 140NR-SBI tax return.

If a subtraction is taken on line 45, *Other Subtractions from Income*, for the full amount of eligible access expenditures paid or incurred during the taxable year for Arizona properties to comply with the requirements of the Americans with Disabilities Act of 1990 or A.R.S. Title 41, chapter 9, article 8, any amount of eligible access expenditures that is recognized under the IRC, including any amount that is amortized according to federal amortization schedules, and that is included in computing taxable income for the current taxable year must be added to Arizona gross income.

(A.R.S. § 43-1021)

I. Amortization or Depreciation for a Childcare Facility

You elected to amortize cost of a childcare 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.

J. Net Capital (Loss) from the Exchange of One Kind of Legal Tender for Another Kind of Legal Tender

If you are making the small business election, do not make the addition here, make it on the 140NR-SBI tax return.

To determine if you are required to make this addition to income, you must net **all** gains and (losses) from all exchanges of one kind of legal tender for another kind of legal tender including amounts shown on Form 165 Schedule K-1(NR), Form 120S Schedule K-1(NR), and Form 141AZ, Schedule K-1(NR).

For taxable years beginning from and after December 31, 2017, enter the amount of any net capital loss from Arizona sources and included in Arizona gross income for the taxable year that is derived from the exchange of one kind of legal tender for another kind of legal tender.

NOTE: If the amount from all sources results in a **net capital gain** from the exchange of one kind of tender for another kind of tender, enter that amount on page 6, "M".

For the purposes of this paragraph:

(a) "Legal tender" means a medium of exchange, including specie that is authorized by the United States Constitution or Congress for the payment of debts, public charges, taxes and dues.

(b) "Specie" means coins having precious metal content.

K. Other Adjustments Related to Tax Credits

If you are making the small business election, do not make the addition here, make it on the 140NR-SBI tax return.

You may also need to make an addition if you claimed certain tax credits. Call one of the numbers listed on page 1 if of the following apply:

- You claimed the Agricultural Water Conservation System Credit (Form 312)
- You claimed the Pollution Control Credit. (Form 315)
- You claimed the Agricultural Pollution Control Equipment Credit. (Form 325)

L. Other Adjustments

If you are making the small business election, do not make the addition here, make it on the 140NR-SBI tax return.

Other adjustments may be necessary. For example, you must add-back expenses related to income that Arizona does not tax. If you have more than one Other Adjustment, add the amounts together and enter the total.

M. Total Other Additions to Arizona Gross Income

Add all amounts from page 5 and enter the total on line 32.

Line 33 - Subtotal

Add lines 29, 30, 31 and 32. Enter the total on line 33.

Subtractions from Income

You may only subtract those items for which statutory authority exists. Without such authority, you cannot take a subtraction. If you have any questions concerning subtractions from income, call one of the numbers listed on page 1 of these instructions.

NOTE: You may not subtract any amount which is allocable to income excluded from your Arizona income.

Lines 34 through 38 - Net Capital Gain or (Loss)

NOTE: For lines 34-38; if you elected to file the Arizona Small Business Income Tax Return, only claim the subtraction on this return if the net capital gain to which the subtraction relates was not moved to the Arizona Small Business Income Tax Return.

If you have net capital gains or (losses) not related to small business income, enter those amounts on Form 140NR, lines 34-38.

If you are not filing a small business income tax return, include all allowable net capital gains or (losses) on Form 140NR, lines 34-38.

If you enter an amount on line 34, you must also complete lines 35 and 36. If you do not complete these lines, you cannot take the subtraction on line 38.

NOTE: *If you do not have any net capital gain or (loss) to report, enter "0" on lines 34-37.*

As a nonresident, you may take the allowable subtraction for **only** those qualified net long-term capital gains that are from **Arizona sources**. You may subtract 25% (.25) of any qualifying 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, *Worksheet for Net Long-Term Capital Gain Subtraction for Assets Acquired after December 31, 2011*, at the end of these instructions to determine the allowable subtraction. Keep the worksheet for your records.

Line 34 - Total Arizona Sourced Net Capital Gain or (Loss)

Enter the amount shown on line 20 of the Arizona column.

Line 35 - Total Arizona Sourced Net Short-Term Capital Gain or (Loss)

Enter the amount of total *Arizona sourced* net short-term capital gain reported on line 35.

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 35.*

Line 36 - Total Arizona Sourced Net Long-Term Capital Gain or (Loss)

Enter the amount of total *Arizona sourced* net long-term capital gain or (loss) included in line 34.

NOTE: *If your long-term net capital gain or (loss) was limited to an amount shown on federal Form 1099-DIV and you were not required to complete Schedule D, enter the amount shown on your Form 1099-DIV from Arizona sources on line 35.*

Line 37 – Arizona Sourced Net Long-Term Capital Gain from Assets Acquired After December 31, 2011

Enter the Arizona sourced net long-term capital gain from assets acquired after December 31, 2011.

If you did not complete the worksheet at the end of these instructions and you have no net long-term capital gains from assets acquired after December 31, 2011, enter "0". If you completed the worksheet, enter the amount from the worksheet, line 7.

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 38 – Arizona Sourced Net Long-Term Capital Gain Subtraction from Income for Assets Acquired After December 31, 2011

Multiply the amount on line 37 by 25% (.25) and enter the result.

If you take a subtraction on line 39 that includes any long-term capital gain from an investment in qualified small business made **after** December 31, 2011, you **cannot include** that portion of the net capital gain in your computation of the allowable subtraction on line 38 for any net long-term capital gain from assets acquired after December 31, 2011 and included in federal adjusted gross income.

1099-DIV: If you received Form 1099-DIV issued from a fund Administrator and the 1099-DIV included long-term capital gains from the sale of assets within the fund (for example a mutual fund) for the current tax year and the form did not include the acquisition date of each asset sold within the fund, you cannot verify that the long-term capital gain was from an asset acquired by the Fund was after December 31, 2011, for the purpose of the allowable subtraction on line 38. In this case, you may want to contact the Fund Administrator and request to obtain the acquisition date of each asset sold within the fund. If the Administrator does not provide you with the specific date(s), then those assets cannot be included on line 37.

1099-B: If you received Form 1099-B showing a capital gain or (loss) from the sale of your portion of a fund (for example a mutual fund), Form 1099-B would generally include your purchase date of the fund including acquisition dates of assets included in your portion of the fund when reporting short-term or long-term capital gains or (losses). In this case, you would know the specific date the asset was acquired and those assets may be included on line 37.

Line 39 - Net Capital Gain from Investment in a Qualified Small Business

If you are making the small business election, do not take the subtraction here, take it on the 140NR-SBI tax return.

To take the subtraction for a net capital gain from investment in an Arizona qualified small business, you must net all gains and (losses) from investments in Arizona qualified small businesses including amounts shown on Forms 165 Schedule K-1, 120S Schedule K-1, and/or 141AZ, Schedule K-1.

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 39, enter the amount of the allowable subtraction.

Line 40 - Recalculated Arizona Depreciation

If you are making the small business election, do not take the subtraction here, take it on the 140NR-SBI tax return.

DO NOT STAPLE ANY ITEMS TO THE RETURN.

82F Check box 82F if filing under extension OR FISCAL YEAR BEGINNING [M, M, D, D] 2, 0, 2, 1 AND ENDING [M, M, D, D] 2, 0, Y, Y. 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 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

4 Married filing joint return 4a Injured Spouse Protection of Joint Overpayment REVENUE USE ONLY. DO NOT MARK IN THIS AREA. 88R
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.
8 Age 65 or over (you and/or spouse) If completing lines 8 and 9, also complete lines 47 and 48. For lines 10a and 10b, complete line 59. 81P PM 80R RCVD
9 Blind (you and/or spouse)
10a Dependents: Under age of 17. 10b Dependents: Age 17 and over.

11-13 Residency Status (check one): 11 Nonresident 12 Nonresident Active Military 13 Composite Return (see instructions - page 28)

(Box 10a and 10b): Dependent Information. See instructions. For more space, check the box and complete page 4.

Table with columns: (a) FIRST AND LAST NAME, (b) SOCIAL SECURITY NO., (c) RELATIONSHIP, (d) NO. OF MONTHS LIVED IN YOUR HOME IN 2021, (e) Dependent Age included in: 1 (Box 10a), 2 (Box 10b), (f) if you did not claim this person on your federal return due to educational credits. Rows 10c, 10d, 10e, 10f.

Table with columns: 2021 FEDERAL Amount from Federal Return, 2021 ARIZONA Source Amount Only. Rows 14-42 including Arizona income, additions, and subtractions.

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

Your Name (as shown on page 1) _____ Your Social Security Number _____

Subtractions cont. from page 1	43	Interest on U.S. obligations such as U.S. savings bonds and treasury bills.....	43		00
	44	Agricultural crops contributed to Arizona charitable organizations.....	44		00
	45	Other Subtractions from Income: Complete <i>Other Subtractions from Arizona Gross Income</i> schedule on page 6.....	45		00
	46	Subtract lines 43, 44 and 45 from line 42. Enter the difference.....	46		00
	47	Age 65 or over: Multiply the number in box 8 by \$2,100.....	47		00
Exemptions	48	Blind: Multiply the number in box 9 by \$1,500.....	48		00
	49	Other Exemptions: See instructions.....49E <input type="checkbox"/> Multiply the number in box 49E by \$2,300.....	49		00
	50	Add lines 47, 48, and 49. Enter the total.....	50		00
	51	Multiply line 50 by the Arizona ratio on line 27.....	51		00
Balance of Tax	52	Arizona adjusted gross income: Subtract line 51 from line 46. If less than zero, enter "0".....	52		00
	53	Deductions: Check box and enter amount. See instructions.....53I <input type="checkbox"/> ITEMIZED 53S <input type="checkbox"/> STANDARD	53		00
	54	If you checked box 53S and claim charitable contributions, check 54C <input type="checkbox"/> Complete page 3. See instructions.....	54		00
	55	Arizona taxable income: Subtract lines 53 and 54 from line 52. If less than zero, enter "0".....	55		00
	56a	Compute the tax using amount from line 55 and Tax Tables X and Y.....	56a		00
	56b	If line 55 is \$250,001 or more (single/mfs) or \$500,001 or more (mfj/hoh) compute the tax surcharge. Enter the amount.	56b		00
	57	Tax from recapture of credits from Arizona Form 301, Part 2, line 30.....	57		00
	58	Subtotal of tax: Add lines 56a, 56b and 57. Enter the total.....	58		00
	59	Dependent Tax Credit. See instructions.....	59		00
	60	Nonrefundable credits from Arizona Form 301, Part 2, line 61.....	60		00
Total Payments and Refundable Credits	61	Balance of tax: Subtract lines 59 and 60 from line 58. If the sum of lines 59 and 60 is more than line 58, enter "0".....	61		00
	62	2021 AZ income tax withheld.....	62		00
	63	2021 AZ estimated tax payments..63a <input type="text"/> 00 Claim of Right 63b <input type="text"/> 00 Add 63a and 63b.	63c		00
	64	2021 AZ extension payment (Form 204).....	64		00
	65	Other refundable credits: Check the box(es) and enter the total amount..... 651 <input type="checkbox"/> 308-I 652 <input type="checkbox"/> 349	65		00
	66	Total payments and refundable credits: Add lines 62 through 65. Enter the total.....	66		00
Tax Due or Overpayment	67	TAX DUE: If line 61 is larger than line 66, subtract line 66 from line 61. Enter amount of tax due. Skip lines 68, 69 and 70.....	67		00
	68	OVERPAYMENT: If line 66 is larger than line 61, subtract line 61 from line 66. Enter amount of overpayment.....	68		00
	69	Amount of line 68 to be applied to 2022 estimated tax.....	69		00
	70	Balance of overpayment: Subtract line 69 from line 68. Enter the difference.....	70		00
Voluntary Gifts	71 - 81 Voluntary Gifts to:				
		Solutions Teams Assigned to Schools.....	71		00
		Arizona Wildlife.....	72		00
	Child Abuse Prevention.....	Domestic Violence Services.....	73		00
	Neighbors Helping Neighbors..	Special Olympics.....	74		00
	I Didn't Pay Enough Fund.....	Veterans' Donations Fund.....	75		00
		Special Olympics.....	76		00
		Sustainable State Parks and Road Fund.....	77		00
	Spay/Neuter of Animals..	78		00	
	Political Party (if amount is entered on line 75 - check only one): 821 <input type="checkbox"/> Democratic 822 <input type="checkbox"/> Libertarian 823 <input type="checkbox"/> Republican	79		00	
Penalty	82	Political Party (if amount is entered on line 75 - check only one): 821 <input type="checkbox"/> Democratic 822 <input type="checkbox"/> Libertarian 823 <input type="checkbox"/> Republican			
	83	Estimated payment penalty.....	83		00
	84	841 <input type="checkbox"/> Annualized/Other 842 <input type="checkbox"/> Farmer or Fisherman 843 <input type="checkbox"/> Form 221 included			
Refund or Amount Owed	85	Add lines 71 through 81 and 83. Enter the total.....	85		00
	86	REFUND: Subtract line 85 from line 70. If less than zero, enter amount owed on line 87.....	86		00
	87	AMOUNT OWED: Add lines 67 and 85. Make check payable to Arizona Department of Revenue; write your SSN, 140NR on payment.....	87		00

Under penalties of perjury, I declare that I have read this return and any documents with it, and to the best of my knowledge and belief, they are true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

PLEASE SIGN HERE

YOUR SIGNATURE _____ DATE _____ OCCUPATION _____

SPOUSE'S SIGNATURE _____ DATE _____ SPOUSE'S OCCUPATION _____

PAID PREPARER'S SIGNATURE _____ DATE _____ FIRM'S NAME (PREPARER'S IF SELF-EMPLOYED) _____

PAID PREPARER'S STREET ADDRESS _____ PAID PREPARER'S TIN _____

PAID PREPARER'S CITY _____ STATE _____ ZIP CODE _____ PAID PREPARER'S PHONE NUMBER _____

If you are sending a payment with this return, mail to Arizona Department of Revenue, PO Box 52016, Phoenix, AZ 85072-2016. Include the payment with Form 140NR. If you are expecting a refund or owe no tax, or owe tax but are not sending a payment, mail to Arizona Department of Revenue, PO Box 52138, Phoenix, AZ 85072-2138.

2021 Form 140NR - Standard Deduction Increase for Charitable Contributions

You must complete this worksheet if you are taking an increased standard deduction for charitable contributions. Include the completed worksheet with your tax return, when filed. If you do not include the completed worksheet, your standard deduction will not be increased.

Taxpayers electing to take the Standard Deduction may *increase* the standard deduction amount by 25% (.25) of the total amount of the taxpayer's charitable deductions that would have been allowed if the taxpayer elected to claim itemized deductions on the Arizona tax return.

Charitable contributions (lines 1C, 2C, and 3C) are those gifts allowed on federal Form 1040 Schedule A (Gifts to Charity) that you would have claimed had you elected to take itemized deductions on your federal return.

NOTE 1: As a nonresident filing Form 140NR, you are required to apportion your allowable increased standard deduction based on your Arizona income ratio computed on page 1, line 27.

NOTE 2: You must reduce your contribution amount by the total charitable contributions you made during January 1, 2021 through December 31, 2021 for which you are claiming an Arizona tax credit under Arizona law for the current tax year return or claimed on the prior tax year return. Enter this amount on line 5C.

NOTE 3: If you itemized deductions on your federal return (1040 Schedule A) and were required to adjust the amount of your allowable contributions on your federal 1040 Schedule A for the amount claimed as a tax credit on your Arizona income tax return, include the amount of the federal contribution adjustment to line 1C and enter the amount of the Arizona tax credit on line 5C.

Complete the worksheet to determine your allowable increased standard deduction for charitable contributions.

1C	2021 Gifts by cash or check.....	1C		00
2C	2021 Other than by cash or check.....	2C		00
3C	Carryover from prior year.....	3C		00
4C	Add lines 1C through 3C and enter the total.....	4C		00
5C	Total charitable contributions made in 2021 for which you are claiming a credit under Arizona law for the current (2021) or prior (2020) tax year.....	5C		00
6C	Subtract line 5C from line 4C and enter the difference. If less than zero, enter "0".....	6C		00
7C	Multiply line 6C by 25% (.25) and enter the result.....	7C		00
8C	Enter your Arizona income ratio from page 1, line 27.....	8C	.	
9C	Multiply line 7C by the ratio on line 8C and enter the result.....	9C		00

- Enter the amount shown on line 9C on page 2, line 54
- Be sure to check box **53S** for Standard Deduction on line 53.
- Check box **54C** for charitable contributions on line 54. If you do not check this box, you may be denied the increased standard deduction.

2021 Form 140NR Dependent and Other Exemption Information

Include page 4 with your return if:

- You are listing additional dependents (for box 10a and 10b) from page 1.
 - You are claiming *Other Exemptions* on page 2, line 49.

Part 1: Dependents (Box 10a and 10b) continued from page 1

Information used to compute your allowable **Dependent Tax Credit** on page 2, line 59.

NOTE: If you have more than three qualifying dependents, you **must** complete Part 1 and the worksheet in the instructions to compute your Dependent Tax Credit on line 59.

	(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 2021	(e) ✓ Dependent Age included in:		(f) ✓ IF YOU DID NOT CLAIM THIS PERSON ON YOUR FEDERAL RETURN DUE TO EDUCATIONAL CREDITS
					1 (Box 10a)	2 (Box 10b)	
10g					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10h					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10i					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10j					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10k					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10l					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10m					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10n					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10o					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10p					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10q					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part 2: Other Exemptions

Information used to compute your allowable **Other Exemptions** on page 2, line 49.

	(a) FIRST AND LAST NAME (Do not list yourself or spouse.)	(b) SOCIAL SECURITY NO.	(c) ✓ AGE 65 OR OVER (see instructions)		(d) ✓ STILLBORN CHILD IN 2021
			C1	C2	
1			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Enter the total number of individuals listed in Part 2 in box 49E on page 2, line 49.

Your Name (as shown on page 1)	Your Social Security Number
--------------------------------	-----------------------------

2021 Form 140NR - Other Additions to Arizona Gross Income

Complete and include this schedule with your tax return **only** if you are making any adjustments **increasing** your Arizona Gross Income.

Note: If you are making any adjustments **reducing** your Arizona Gross Income complete page 6.

Other Additions to Arizona Gross Income - Line 32 (see instructions for more information)

A	Fiduciary Adjustment from Arizona Form 141AZ Schedule K-1(NR).....	A	00
B	Items Previously Deducted for Arizona Purposes.....	B	00
C	Claim of Right Adjustment for Amounts Repaid in 2021.....	C	00
D	Claim of Right Adjustment for Amounts Repaid in Prior Taxable Years.....	D	00
E	Addition to S corporation Income Due to Claiming Pass-through Credit (Forms 312 and 315).....	E	00
F	Adjusted Basis in Property for Which You Have Claimed a Credit for Investment in Qualified Small Businesses (Form 338).....	F	00
G	Sole Proprietorship Loss of an Arizona Nonprofit Medical Marijuana Dispensary Included in Federal Adjusted Gross Income. Sole Proprietorship loss of an Arizona dual licensee that has not elected to operate on a for-profit basis must also add back the portion of their loss that is from the medical marijuana portion of the business that is included in their federal adjusted gross income.....	G	00
H	Americans with Disabilities Act - Access Expenditures.....	H	00
I	Amortization or Depreciation for Childcare Facility Before 1990.....	I	00
J	Net capital (loss) derived from the exchange of legal tender: See instructions.....	J	00
K	Other Adjustments Related to Tax Credits.....	K	00
L	Other Adjustments - see instructions.....	L	00
M	Total Other Additions: Add all amounts and enter the total here and on page 1, line 32.....	M	00

Your Name (as shown on page 1)

Your Social Security Number

2021 Form 140NR - Other Subtractions from Arizona Gross Income

Complete and include this schedule with your tax return **only** if you are making any adjustments **decreasing** your Arizona Gross Income.

Note: If you are making any adjustments increasing your Arizona Gross Income complete page 5.

Other Subtractions From Arizona Gross Income - Line 45 (see instructions for more information)

A	Certain Wages of American Indians.....	A		00
B	Qualified Wood Stove, Wood Fireplace, or Gas-Fired Fireplace.....	B		00
C	Claim of Right Adjustment for Amounts Repaid in Prior Taxable Years.....	C		00
D	Certain Expenses Not Allowed for Federal Purposes (due to claiming federal tax credits).....	D		00
E	Basis Adjustment for Property Sold or Otherwise Disposed of During the Taxable Year.....	E		00
F	Fiduciary Adjustment from Arizona Form 141AZ Schedule K-1(NR).....	F		00
G	Net Operating Loss Adjustment.....	G		00
H	Sole Proprietorship Income of an Arizona Nonprofit Medical Marijuana Dispensary Included in Federal Adjusted Gross Income. In addition, Sole Proprietorship income of an Arizona dual licensee that has not elected to operate on a for-profit basis may subtract the portion of their federal taxable income that is from the medical marijuana portion of the business.....	H		00
I	Americans with Disabilities Act – Access Expenditures.....	I		00
J	Exploration Expenses Deferred Before January 1, 1990.....	J		00
K	Sole Proprietorship of an Arizona Marijuana Establishment, Marijuana Testing Facilities and dual licensees that operate on a for-profit basis: enter the total amount of ordinary and necessary expenses related to the sales of recreational use products reported on Schedule DFE (line 16). An LLC that has elected to be treated as a disregarded entity for federal purposes, and also elected to operate on a for-profit basis may subtract the total amount of ordinary and necessary expenses related to the sales of recreational use products reported on Schedule DFE (line 16).....	K		00
L	S corporation Shareholders of an Arizona Marijuana Establishment, Marijuana Testing Facilities and dual licensees that operate on a for-profit basis: enter the amount of your pro-rata share of ordinary and necessary expenses related to the sales of recreational use products as shown on your 120S Schedule K-1(NR), line 20.....	L		00
M	Net capital gain derived from the exchange of legal tender: See instructions.....	M		00
N	Other Adjustments - see instructions.....	N		00
O	Total Other Subtractions: Add all amounts and enter the total here and on page 2, line 45.....	O		00

Include with your return.

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

Adjustment to Medical and Dental Expenses

1 Medical and dental expenses.....	1		00	
2 Medical expenses allowed to be taken as a federal itemized deduction.....	2		00	
3 If line 1 is the same as or more than line 2, subtract line 2 from line 1; otherwise, go to line 4.....	3			00
4 If line 2 is more than line 1, subtract line 1 from line 2.....	4			00

Adjustment to Interest Deduction

5 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 2021 that is equal to the amount of your 2021 federal credit.....	5			00
---	----------	--	--	----

Adjustment to Charitable Contributions

6 Amount of charitable contributions for which you are claiming a credit under Arizona law.....	6			00
---	----------	--	--	----

Adjustment to State Income Taxes

7 Amount of state income taxes deducted on the federal Schedule A that are for contributions to a charity for which an Arizona credit was received. If your tax deductions were limited on your federal Schedule A, complete the worksheet on page 2 to determine the adjustment on line 7.....	7			00
---	----------	--	--	----

Itemized Deductions

8 Add the amounts on lines 3 and 5.....	8			00				
9 Add the amounts on lines 4, 6 and 7.....	9			00				
10 Total federal itemized deductions allowed to be taken on federal return.....	10			00				
11 Enter the amount from line 8 above.....	11			00				
12 Add lines 10 and 11.....	12			00				
13 Enter the amount from line 9 above.....	13			00				
14 Adjusted itemized deductions: Subtract line 13 from line 12. If less than zero, enter "0".....	14			00				
15 Enter your Arizona income ratio from Form 140NR, page 1, line 27.....	15	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:20%; border: 1px solid black;"></td> <td style="width:20%; border: 1px solid black;"></td> <td style="width:20%; border: 1px solid black;"></td> <td style="width:20%; border: 1px solid black;"></td> <td style="width:20%; border: 1px solid black;"></td> </tr> </table>						
16 Arizona itemized deductions: Multiply line 14 by the ratio on line 15. Enter the result here and on Form 140NR, page 2, line 53.....	16			00				



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

2021 Form 140NR Schedule A(NR) Adjustment to State Income Taxes

Arizona Revised Statutes § 43-1042 was amended to require taxpayers to reduce the amount of itemized deductions for amounts used to claim an Arizona credit, even if the amount was deducted on the federal return as state income taxes paid rather than charitable contributions.

1A	Total state income taxes on the federal Schedule A before applying the federal limitations.....	1A	00
2A	Amount included in the line 1A for which you claimed an Arizona credit.....	2A	00
3A	Subtract line 2A from line 1A. Enter the difference.....	3A	00
4A	Limit from federal Schedule A. Enter \$10,000 (\$5,000 if married filing separate)..	4A	00
5A	Enter the smaller of line 3A or 4A.....	5A	00
6A	Enter total state income taxes claimed on federal Schedule A (after limitation).....	6A	00
7A	Subtract line 5A from line 6A. This is the amount of your Arizona adjustment. Enter the amount on page 1, line 7.....	7A	00

2021 Form 140NR Schedule A(NR) Itemized Deductions

For Nonresidents Only

You may itemize on your Arizona return, even if you do not itemize on your federal return. Before you complete this form, you must first complete federal Form 1040 Schedule A.

Even if you don't itemize deductions on your federal return, you must include a copy of the federal Form 1040 Schedule A with this form.

The itemized deductions allowed for Arizona purposes are those itemized deductions that are allowable under the Internal Revenue Code (IRC).

As an Arizona nonresident, you must prorate these deductions by the income ratio for which your Arizona gross income is to your federal adjusted gross income.

In some cases, the amount allowed for medical and dental expenses, mortgage interest, gambling losses, and charitable contributions may be different for Arizona purposes than for federal purposes.

General Instructions

Arizona is a community property state. If you are married filing a separate return and claiming itemized deductions, see the department's Income Tax Ruling, ITR 93-19, *Deductions, Exemptions, and Credits for Married Taxpayers who file Separate Returns*, for more information claiming itemized deductions.

When married taxpayers file separate Arizona income tax returns, both filers must either claim the standard deduction or itemize deductions. One spouse may not claim a standard deduction when the other spouse itemizes deductions. If this situation does occur, the standard deduction will be disallowed regardless of which return may have been filed first.

The treatment of itemized deductions by spouses who file separate returns depends on whether the deductible expenses were paid with community funds or with separate funds. If the expenses were paid with community funds, the deduction is divided equally between each spouse. Expenses paid with separate funds are deductible by the spouse who paid the expenses. Under no circumstances may more than 100 percent of the allowable deductions be claimed.

NOTE: *If you or your spouse claim 100% of the allowable itemized deductions, the other spouse must enter "0" on Form 140, line 43 and that spouse cannot claim an adjustment for either itemized deductions or the standard deduction.*

You must complete lines 1 through 7 if any of the following apply:

- You are deducting medical and dental expenses.
- You are claiming a federal credit (from federal Form 8396) for interest paid on mortgage credit certificates.
- You are claiming an Arizona credit for a charitable contributions or a state income tax deduction.

If any of the above items apply to you, complete federal form 1040 Schedule A and then complete lines 1 through 15, as instructed.

Line-by-Line Instructions

Lines 1 through 4 - Medical and Dental Expenses

*Skip lines 1 through 4 if you are **not** deducting medical and dental expenses.*

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 include the following amounts you paid through an employer-sponsored health insurance plan (cafeteria plan) unless your employer included the amount(s) 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.

Lines 2 through 4

Complete lines 2 through 4 as instructed on the form.

Line 5 - Interest Paid on Mortgage Credit Certificates

*Skip line 5 if you are **not** claiming a federal credit for interest paid on mortgage credit certificates on your federal return.*

If you received a federal credit for interest paid on mortgage credit certificates (using federal Form 8396), you may deduct some of the mortgage interest you paid in 2021 that you could not deduct for federal purposes.

Line 6 - Adjustment to Charitable Contributions

*Skip line 6 if you are **not** claiming a credit for any of your charitable contributions.*

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 next page)		
If you claimed a credit on Arizona Form:	For:	You must make an entry on line 6 if you deducted the amount contributed as an itemized deduction on federal Form 1040 Schedule A.
321	Contributions to Qualifying Charitable Organizations	
322	Contributions Made or Fees Paid to Public School	
323	Contributions to Private School Tuition Organizations	
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	

If you claimed a credit on Arizona Form:	For:	
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 Organizations - Individual	
352	Contributions to Qualifying Foster Care Charitable Organizations	

If you claimed a credit on your 2020 return for a contribution that you made during 2021 (see Arizona Forms 321, 322, 323, 348, and 352), you must make this adjustment on your 2021 return even though you claimed the credit on your 2020 return.

If you are claiming a credit on your 2021 return for a contribution made during 2022 (see Arizona Forms 321, 322, 323, 348, and 352), you must make this adjustment on your 2022 return even though you are claiming the credit on your 2021 return.

Line 7 - Adjustment to State Income Taxes

Arizona Revised Statutes § 43-1042 was amended to require taxpayers to reduce the amount of itemized deductions for amounts used to claim an Arizona credit even if the amount was deducted on the federal return as taxes paid rather than charitable contributions.

Did you claim sales taxes rather than income taxes on your federal schedule A?

- If yes, **stop**. No adjustment is necessary. Go to line 8.
- If no, complete the worksheet on page 2 of Form 140 Schedule A(NR) to determine the amount of your adjustment to enter on line 7.

Lines 8 through 13

Complete lines 8 through 13 as instructed on the form.

Line 14 - Adjusted Itemized Deductions

Subtract line 13 from line 12. If less than zero, enter "0".

Line 15 -

Enter your Arizona income ratio from Form 140NR, page 1, line 27. Enter the ratio in decimal form.

Line 16 - Arizona Itemized Deductions

Multiply line 14 by the income ratio on line 15. Enter the result on line 16 and on Form 140NR, page 2, line 53.

NOTE: *The amount entered on line 16 cannot be a negative number. Entering a negative number on Form 140NR, line 53 may delay the processing of your return.*

DO NOT STAPLE ANY ITEMS TO THE RETURN.

Arizona Form
204

Application for Filing Extension
For Individual Returns Only

FOR
CALENDAR YEAR
2021

For the calendar year 2021 or fiscal year beginning MM, DD, DD 2, 0, 2, 1 and ending MM, DD, DD 2, 0, Y, Y **66**

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 filing joint)	Last Name		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

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

Filing Form 204 will also provide an automatic 6-month extension for your Small Business Income tax return (Form 140-SBI, Form 140NR-SBI or Form 140PY-SBI). Do not file Form 204-SBI unless you are making an extension payment for your Small Business tax return. See Form 204-SBI for more information. Use Form 204-SBI to make this payment.

81 PM	80 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 2021 filing extension must be postmarked on or before April 18, 2022.	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.
---	---

CHECK ONE BOX:

Individual Calendar Year Filers:

This is a request for an automatic 6-month filing extension

Individual Fiscal Year Filers:

Enter taxable year end date and 6-month extended due date

A federal extension will be used to file this tax return. This form is being used to transmit the Arizona extension payment.

Fiscal Tax Year Ending	Return Due Date
	October 17, 2022
<u>MM, DD, DD, Y, Y, Y, Y</u>	<u>MM, DD, DD, Y, Y, Y, Y</u>

Note: Calendar year filers - Because October 15, 2022 falls on a Saturday, you have until October 17, 2022 to file your return.

1 Tax liability for 2021. You may estimate this amount	1		00
2 Arizona income tax withheld during 2021	2	00	
3 Arizona estimated tax payments for 2021	3	00	
4 Credits you will claim on your 2021 return. See Arizona Form 301 for a list of credits. 4	4	00	
5 Add lines 2 through 4.....	5		00
6 Balance of Tax: Subtract line 5 from line 1.....	6		00
7 Enter amount of payment enclosed with this extension..... PAYMENT ENCLOSED ▶	7		00

- Make check payable to Arizona Department of Revenue; **write your SSN, Form 204 and tax year on your payment.**
- **Include your payment with this form.**
- For **Nonresident Composite returns**, write "Composite 140NR" on payment and include the taxable year end 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.

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2021 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.

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 select *Reports, Statistics and Legal Research* from the main menu 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, Statistics and Legal Research* from the main menu then click on *Publications* in the left side column.

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

Visit www.azdor.gov for e-file requirements.

Purpose of Form 204

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

NOTE: *If you elected to report your small business income on Form 140-SBI, Form 140NR-SBI or Form 140PY-SBI, filing Form 204 will also provide an automatic 6-month extension to file your small business income tax return.*

You cannot make an extension payment for your small business income tax return using Form 204. You must complete and file Form 204-SBI to make an extension payment for your small business income tax return. For more information see Form 204-SBI and instructions.

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.

Calendar year filers have until April 18, 2022 to file the request for an extension. This will allow you to file your return by October 17, 2022.

Complete Form 204 to request an automatic 6-month extension. Write **2021 Extension Request** on the **front** of your envelope.

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

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

If you are **not including 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, 2022 or by the original due date of your return.

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 1/2 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 § 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, 2022 even though your federal return is due on June 15, 2022. If you want to file your 2021 Arizona return after April 18, 2022 you must ask for a filing extension.

Arizona will allow up to a 6-month extension. This will allow you to file your return by October 17, 2022.

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 15, 2022 even though your federal return will not be due until December 15, 2022. If you file your 2021 Arizona calendar year return after October 17, 2022 your return will be late.

Making Your Payment

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 2021 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 2021. There is no fee to use this method. To make an electronic payment, go to 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 \$50 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 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.**

Instructions Before Mailing

Make sure that you have completed all of 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.

As a nonresident, you may take the allowable subtraction that is **only** related to income sourced to Arizona.

NOTE: For more information and examples of how to calculate Arizona bonus depreciation, see the department's 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 attributable to assets used in your Arizona business 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 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 attributable to assets used in your Arizona business 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 attributable to assets used in your Arizona business 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).

For assets placed in service in taxable years beginning from and after December 31, 2016, enter the total amount of depreciation attributable to assets used in your Arizona business allowable pursuant to IRC § 167(a) for the taxable year calculated as if the bonus depreciation is the full amount of federal bonus depreciation pursuant to IRC § 168(k).

Add all amounts together and enter the total on line 40.

Line 41 - Partnership Income Adjustment

If you are making the small business election, do not make the addition here, make it on the 140NR-SBI tax return.

Use this adjustment if Form 165 Schedule K-1(NR), line 17, column (c) shows a difference between federal and state distributable income.

If the difference reported on line 17, column (c) is a negative number, enter that portion of the difference that is allocable to partnership income taxable by Arizona as a subtraction on line 41. **Do not include a minus sign or use parentheses.**

NOTE: If the difference reported on line 17, column (c) of your Arizona Form 165 Schedule K-1(NR), is a positive number, enter that portion of the difference that is allocable to partnership income taxable by Arizona as an addition on line 31.

Line 42 -

Subtract lines 38 through 41 from line 33 and enter the difference.

Line 43 - Interest on U.S. Obligations

If you are making the small business election, do not take the subtraction here, take it on the 140NR-SBI tax return.

Enter the amount of interest income from U.S. Government obligations included as income on line 16 in the ARIZONA column. U.S. Government obligations include obligations such as savings bonds and treasury bills. You must reduce this subtraction by any interest or other related expenses incurred to purchase or carry the obligation. Reduce the subtraction only by the amount of such expenses included in your Arizona gross income.

Line 44 - Agricultural Crops Given to Arizona Charitable Organizations

If you are making the small business election, do not take the subtraction here, take it on the 140NR-SBI tax return.

Arizona law allows for a subtraction for qualified crop gifts made during 2021 to one or more charitable organizations. To take this subtraction, **all** of the following must apply:

1. You must be engaged in the business of farming or processing agricultural crops.
2. The crop must be grown in Arizona.
3. You made your gift to a charitable organization located in Arizona that is exempt from Arizona income tax.

The subtraction is the greater of the wholesale market price or the most recent sale price for the contributed crop.

The amount of 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*.

Line 45 - Other Subtractions from Income

Use line 45 if any of the following special circumstances apply.

NOTE: *If you are reporting any adjustment on line 45, complete the schedule on page 6 of your tax return, Other Subtractions from Arizona Gross Income, and include it with your return. If you are not reporting any adjustment on line 45, do not include page 6 with your return.*

A. Certain Wages of American Indians

Enrolled members of American Indian tribes may subtract wages earned while living and working on their tribe's reservation. You can subtract only those amounts that you included on line 15, ARIZONA column. The federal government must recognize these tribes. For more information, see the department's ruling, ITR 96-4, *Income Taxation of Indians and Spouses*.

B. 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.

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

NOTE: For taxpayers that made the election to file an Arizona Small Business Income Tax Return in 2021, if the income required to be paid back under the claim of right is the type of income that would be included in lines 4 through 9 of the 140NR-SBI return if the income were reported in 2021, the adjustment should be made in the 140-SBI return. All other claim of right adjustments should be made on the regular 140NR return.

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

1. During a year prior to 2021, you were required to repay income held under a claim of right.
2. The amount required to be repaid was subject to Arizona income tax in the year included in income.
3. You computed your tax for that prior year under Arizona's claim of right provisions.
4. A net operating loss or capital loss was established due to the repayment made in the prior year.
5. You are entitled to take that net operating loss or capital loss carryover into account when computing your 2021 Arizona taxable income.
6. The amount of the loss carryover allowed to be taken into account for Arizona purposes is more than the amount included in your Arizona gross income.

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

D. Certain Expenses Not Allowed for Federal Purposes

If you are making the small business election, do not take the subtraction here, take it on the 140NR-SBI tax return.

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, and
- the Indian Employment Credit.

If you claimed any of the above federal tax credits for 2021, include the portion of wages or salaries attributable to Arizona source income that you paid or incurred during the taxable year that is equal to the amount of those federal tax credits you claimed.

E. Basis Adjustment for Property Sold or Otherwise Disposed of During the Taxable Year

If you are making the small business election, do not take the subtraction here, take it on the 140NR-SBI tax return.

For property used in an Arizona business that is sold or otherwise disposed of during the taxable year by a taxpayer who added back all depreciation for that property for all taxable years beginning from and after December 31, 1999, include 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.) You may make this adjustment only for property that was used in your Arizona business.

F. Fiduciary Adjustment

If you are making the small business election, do not take the subtraction here, take it on the 140NR-SBI tax return.

A fiduciary uses Form 141AZ Schedule K-1(NR) to report to you your share of the fiduciary adjustment from the trust or estate. Line 5 of Form 141AZ Schedule K-1(NR) shows your share of the fiduciary adjustment from the estate or trust.

Depending on your situation, you may either add (line 32) or subtract (line 45) this amount.

If the amount on Form 141AZ Schedule K-1(NR), line 5 is a negative number, include that amount as a subtraction from income on line 45.

NOTE: If the amount on Form 141AZ Schedule K-1(NR), line 5 is a positive number, include that amount as an addition to income on line 32.

G. Net Operating Loss Adjustment

If you are making the small business election, do not take the subtraction here, take it on the 140NR-SBI tax return.

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.*

Arizona did not adopt the special federal net operating loss rules for losses incurred during 2008 or 2009. For Arizona purposes, you must deduct an Arizona source 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 2021 federal income tax return, if the election described in IRC § 172(b)(1)(H) had not been made in the year of the loss. Then figure how much of the carry forward computed under that method was derived from Arizona source losses. The amount you may take as a subtraction is the difference between the amount of Arizona source net operating loss carryover allowable as a deduction for federal purposes under the as if calculation and the amount of the Arizona source net operating loss deduction actually taken for federal purposes that you included in your Arizona gross income. On line 45, include the amount of allowable Arizona source loss carry forward deduction that exceeds the actual amount of Arizona source net operating loss carry forward deduction that was deducted in arriving at Arizona gross income.

NOTE: *As an Arizona nonresident, you may have had a loss from your prior year Arizona business operations. However, the loss cannot offset this year's income unless the as-if calculation results in an Arizona source net operating loss deduction for federal purposes. You can only take this subtraction if the as-if federal net operating loss deduction for 2021 includes Arizona source losses that have not been absorbed by non-Arizona income in any intervening years. You cannot subtract any amount of that net operating loss that has been absorbed by non-Arizona income in any intervening years. You also cannot take a subtraction for any amount that has already been deducted for Arizona purposes.*

H. Sole Proprietorship Income of an Arizona Nonprofit Medical Marijuana Dispensary Included in Federal Adjusted Gross Income

If you are making the small business election, do not take the subtraction here, take it on the 140NR-SBI tax return.

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.*

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.

In addition, a sole proprietorship of an Arizona dual licensee that **has not elected to operate on a for-profit basis** may subtract the portion of income included in federal adjusted gross income that is from the medical marijuana portion of the business.

NOTE: *A dual licensee that elects to operate on a for-profit basis does not qualify for a subtraction for the medical marijuana portion of their business.*

I. Americans with Disabilities Act Access Expenditures

If you are making the small business election, do not take the subtraction here, take it on the 140NR-SBI tax return.

A subtraction is allowed for eligible business access expenditures paid or incurred during the taxable year for Arizona properties to comply with the requirements of the Americans with Disabilities Act of 1990 or A.R.S. Title 41, chapter 9, article 8 by retrofitting developed real property that was originally placed in service at least ten years before the current taxable year. (A.R.S. §§ 43-1022 and 43-1024)

“Eligible business access expenditures” include reasonable and necessary amounts paid or incurred to:

- Remove any barriers that prevent a business from being accessible to or usable by individuals with disabilities.
- Provide qualified interpreters or other methods of making audio materials available to hearing-impaired individuals.
- Provide qualified readers, taped texts, and other effective methods of making visually delivered materials available to individuals with visual impairments.
- Acquire or modify equipment or devices for individuals with disabilities.
- Provide other similar services, modifications, materials, or equipment.

NOTE: *A taxpayer who has been cited for noncompliance with the Americans with Disabilities Act of 1990 or A.R.S. Title 41, chapter 9, article 8 by either federal or state enforcement officials is ineligible for a subtraction under this section for any expenditure required to cure the cited violation.*

Include the amount of allowable expenses paid or incurred during the tax year.

J. Exploration Expenses Deferred Before January 1, 1990

If you are making the small business election, do not take the subtraction here, take it on the 140NR-SBI tax return.

Call one of the numbers listed on page 1 of these instructions if 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.

K. Sole Proprietorship – Marijuana Establishment and Testing Facilities and Dual Licensees that Elect to Operate on a for-profit basis

If you are making the small business election, do not take the subtraction here, take it on the 140NR-SBI tax return.

A Sole Proprietorship or disregarded LLC (dual licensee) that takes the allowable subtraction for the income of an **Arizona Nonprofit Medical Marijuana Dispensary (NMMD)** under item "H", cannot take this allowable subtraction".

Enter the total amount of ordinary and necessary expenses related to the sales of recreational use products reported on Arizona Schedule DFE, *Disallowed Federal Expense Schedule for Marijuana Establishments*, line 16. **Include this schedule (after page 6) with your tax return, when filed.**

Do not include Cost of Goods Sold or any other expenses already allowed to be deducted on your federal return in the total amount of expenses reported on this line.

NOTE: Sole Proprietors and disregarded LLCs must contact the Arizona Department of Health Services (ADHS) to make the election to operate on a for-profit basis.

L. S corporation Shareholders – Marijuana Establishment, Testing Facilities and Dual Licensees that Elected to Operate on a For-profit Basis

If you are making the small business election, do not take the subtraction here, take it on the 140NR-SBI tax return.

Enter the amount of your pro-rata share of ordinary and necessary expenses related to the sales of recreational use products s shown on your 120S Schedule K-1(NR), line 20.

Do not include Cost of Goods Sold in the total amount of expenses reported on this line.

M. Net Capital Gain from the Exchange of One Kind of Legal Tender for Another Kind of Legal Tender

If you are making the small business election, do not take the subtraction here, take it on the 140NR-SBI tax return.

To take this subtraction, you must net **all** gains and (losses) from all exchanges of one kind of legal tender for another kind of legal tender, including amounts shown on Forms 165 Schedule K-1(NR), 120S Schedule K-1(NR), and/or 141AZ Schedule K-1(NR).

Enter the amount of any net capital gain *from Arizona sources* included in Arizona gross income for the taxable year that is derived from the exchange of one kind of legal tender for another kind of legal tender.

NOTE: If the amount from all sources results in a **net capital (loss)** from the exchange of one kind of tender for another kind of tender, enter that amount on page 5, "J".

For the purposes of this paragraph:

(a) "Legal tender" means a medium of exchange, including specie that is authorized by the United States Constitution or Congress for the payment of debts, public charges, taxes and dues.

(b) "Specie" means coins having precious metal content.

N. Other Adjustments

If you are making the small business election, do not take the subtraction here, take it on the 140NR-SBI tax return.

Other adjustments may be necessary. If an allowable adjustment is not listed above, enter that amount on this line. If you have more than one *Other Adjustment*, add the amounts together and enter the total.

O. Total Other Subtractions from Arizona Gross Income

Add all amounts on page 6 and enter the total on page 2, line 45.

Line 46

Subtract lines 43, 44 and 45 from line 42.

Exemptions – Lines 47 through 49**Line 47 - Age 65 or Over**

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

Line 48 - Blind

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

Line 49 - Other Exemptions

NOTE: If you take an *Other Exemption* for an individual on line 49, you cannot claim this individual for the dependent tax credit on line 59. In this case do not include this person in Box 10b.

You must complete page 4, Part 2 to compute your allowable Other Exemptions, on line 49. Be sure to enter the number of individuals listed in Part 2 in the box, **49E, on line 49.**

You may take an exemption in the amount of \$2,300 for each of the following individuals:

- A person who is age 65 or over (related to you or not) if either of the following applies:
 1. In 2021, 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 2021, you paid more than \$800 for either Arizona home health care or other medical costs for the person.

If both 1 and 2 apply to the same person, you are limited to only **one** exemption of \$2,300 for that person.

NOTE: If a taxpayer's 65th birthday was January 1, 2022 (born 1/1/1957), that person would be considered to be age 65 at the end of 2021 for federal income tax purposes and likewise for Arizona income tax purposes.

- A stillborn child if the following apply:
 1. The stillbirth occurred during 2021.
 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.

To claim the increased standard deduction, you must complete Form 140NR, page 3 and include the completed page with your tax return, when filed.

Be sure to check box **54C** on line 54. If you do not check this box *and* include a completed page 3 with your tax return, you may be denied the increased standard deduction.

Line 55 - Arizona Taxable Income

Subtract lines 53 and 54 from line 52 and enter the difference. If less than zero, enter zero "0." Use this amount to calculate your tax using Tax Table X or Y.

Line 56a - Tax Amount

Enter the tax from Tax Tables X and Y.

Line 56b - Tax Surcharge Amount

If you are single or married filing a separate return and the amount on line 55 is \$250,001 or more, compute the tax surcharge on Tax Tables X and Y. Enter the amount of the tax surcharge.

If you are married filing a joint return or head of household and the amount on line 55 is \$500,001 or more, compute the tax surcharge on Tax Tables X and Y. Enter the amount of the tax surcharge.

Line 57 - Tax from Recapture of Credits from Arizona Form 301

Enter the amount of tax due from recapture of credits from Arizona Form 301, Part 2, line 30.

Line 58 - Subtotal of Tax

Add lines 56a, 56b and 57 and enter the total.

Line 59 - Dependent Tax Credit

NOTE: *If you claim an individual for the dependent tax credit on line 59, you cannot take an exemption for the same individual as an Other Exemption on line 49.*

For taxable years beginning from and after December 31, 2018, taxpayers may claim a nonrefundable Dependent Tax Credit for certain qualifying dependents.

For the purpose of the dependent tax credit, "dependent" means an individual that qualifies as a dependent for federal purposes.

The tax credit is equal to:

- \$100 for each qualifying dependent who is under 17 years of age at the end of the taxable year.
- \$25 for each qualifying dependent who is at least 17 years of age at the end of the taxable year.

Nonresidents are required to apportion their Dependent Tax Credit by the Arizona income tax ratio computed on page 1, line 27.

The allowable credit is reduced for single, head of household, and married taxpayers filing separate returns whose federal adjusted gross income (page 1, line 25) is more than \$200,000; and for married taxpayers filing a joint return whose federal adjusted gross income is more than \$400,000.

Complete the following tables to compute your credit.

Table I			
(a)	(b)	(c) Credit amount	(d) Multiply column (b) by column (c)
1. Enter number of dependents from page 1, box 10a....		\$ 100	\$.00
2. Enter number of dependents from page 1, box 10b....		\$ 25	\$.00
3. Credit amount before adjustment. Add lines 1 and 2. Enter total in column (d).			\$.00
4. Enter your Arizona income ratio from page 1, line 27.....		
5. Multiply line 3 by the ratio on line 4. Enter the result here.			\$.00

All taxpayers go to Table II.

Table II		
If your filing status is single, married filing separate, or head of household: is your federal adjusted gross income on page 1, line 25, more than \$200,000?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
If your filing status is married filing joint: is your federal adjusted gross income on page 1, line 25, more than \$400,000?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

- If you answered "No", you are not required to reduce the amount of credit computed in Table I. Enter the amount from Table I, line 5 on page 2, line 59.
- If you answered "Yes", you are required to reduce the amount of credit computed in Table I.

Complete Table III or Table IV.

Table III 2021 Adjusted Dependent Tax Credit For filing status: single, married filing separate, or head of household	
1. Enter your federal adjusted gross income from page 1, line 25.....	\$.00
2. Federal adjusted gross income limit.....	\$ 200,000.00
3. Subtract line 2 from line 1. Enter the difference..... <i>If the difference is greater than \$19,000, STOP. You cannot claim the dependent tax credit.</i>	\$.00
4. Enter amount from Table I, line 5, column (d).....	\$.00
5. Based on the amount on line 3, enter the number from Table V. For example: if line 3 is \$1,500, enter .90	
6. Multiply line 4 by line 5. Enter the result. Also, enter the amount on page 2, line 59.....	\$.00

Table IV 2021 Adjusted Dependent Tax Credit For filing status: married filing joint	
1. Enter your federal adjusted gross income from page 1, line 25.....	\$.00
2. Federal adjusted gross income limit.....	\$ 400,000.00
3. Subtract line 2 from line 1. Enter the difference..... <i>If the difference is greater than \$19,000, STOP. You cannot claim the dependent tax credit.</i>	\$.00
4. Enter amount from Table I, line 5, column (d).....	\$.00
5. Based on the amount on line 3, enter the number from Table V. For example: if line 3 is \$1,500, enter .90	
6. Multiply line 4 by line 5. Enter the result. Also, enter the amount on page 2, line 59.....	\$.00

Use **Table V** to determine the percentage to enter on line 5, of **Table III** or **Table IV**.

Table V			
If the amount on line 3 from Table III or Table IV is:	Enter on line 5	If the amount on line 3 from Table III or Table IV is:	Enter on line 5
\$ 1 – 1,000	.95	\$ 10,001 – 11,000	.45
\$ 1,001 – 2,000	.90	\$ 11,001 – 12,000	.40
\$ 2,001 – 3,000	.85	\$ 12,001 – 13,000	.35
\$ 3,001 – 4,000	.80	\$ 13,001 – 14,000	.30
\$ 4,001 – 5,000	.75	\$ 14,001 – 15,000	.25
\$ 5,001 – 6,000	.70	\$ 15,001 – 16,000	.20
\$ 6,001 – 7,000	.65	\$ 16,001 – 17,000	.15
\$ 7,001 – 8,000	.60	\$ 17,001 – 18,000	.10
\$ 8,001 – 9,000	.55	\$ 18,001 – 19,000	.05
\$ 9,001 – 10,000	.50	\$ 19,001 and over	.00

Line 60 - Nonrefundable Credits from Arizona Form 301

NOTE: *If you elect to report small business income on Form 140NR-SBI, certain nonrefundable credits must be claimed on the small business tax return. In this case, you must complete Form 301-SBI to claim those credit(s). See the specific credit form and instructions for which credits must be claimed on the small business tax return.*

Exception: *Credit Form 309 is used to claim a tax credit on Form 140NR for taxes paid to other states or country on income not reported on Form 140NR-SBI. Credit Form 309-SBI is used to claim a tax credit for taxes paid on small business income to another state or county. See Form 309-SBI and instructions for more information.*

Complete line 60 if you claim any of the following credits. Also, make sure that you include Arizona Form 301 and the appropriate credit form or forms with your return.

Military Reuse Zone Credit The military reuse zone credit expired. All credits for military reuse zones that were properly

established can be carried forward for the respective five year carry forward period. See Form 306 for more information.

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 140NR, line 60.

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 this credit.

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.

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.

Credit for Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlets The credit for solar hot water heater plumbing stub outs and electric vehicle recharge outlets has expired. All credits that were property established can be carried forward for the respective five year carry forward period. Use Form 319 to figure this credit.

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.

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

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.

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 in Arizona to control or prevent pollution. Use Form 325 to figure this credit.

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.

Credit for Employment by a Healthy Forest Enterprise You may qualify for this credit if you had net increases in qualified employment positions in a healthy forest enterprise. Use Form 332 to figure this credit.

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

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.

Credit for Solar Energy Devices - Commercial or Industrial Applications This credit is available to taxpayers that install solar energy devices for commercial, industrial, or other nonresidential applications in Arizona. Use Form 336 to figure this credit.

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.

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.

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 \$5,000 or more may pass-through the credit to its individual shareholders on a *pro rata* basis. See Form 341-I for more information.

Renewable Energy Production Tax Credit You may qualify for this credit if you produced electricity using renewable energy resources. Use Form 343 to figure this credit.

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.

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.

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

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

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.

Healthy Forest Production Tax Credit You may qualify for this tax credit if you meet all of the qualifications or receive a pass-through credit from a partnership or S Corporation. All credits that were properly established can be carried forward for the respective five year carry forward period. Use Form 353 to figure this credit.

TOTAL CREDITS: Compute your credit on the appropriate form. Then complete Arizona Form 301 and enter the amount from Form 301, Part 2, line 61. The amount on line 60 cannot reduce your tax below zero. These credits are not refundable credits.

Include the completed Form 301 along with any supporting documents with your return.

Line 61 - Balance of Tax

Subtract line 59 and 60 from line 58. Enter the difference. If the sum of lines 59 and 60 is more than line 58, enter, "0".

Totaling Payments and Refundable Credits

Line 62 - 2021 Arizona Income Tax Withheld

Enter the 2021 Arizona income tax withheld as shown on Form(s) W-2 from your employer. Do not include income taxes withheld by any other state. Include the Form(s) W-2 with your return.

Line 63 (Boxes a, b, and c) – 2021 Arizona Estimated Tax Payments Including Amount Applied from 2020 Return; and Arizona Claim of Right

Use this line if you did one of the following:

- made estimated income tax payments to Arizona for 2021;
- applied any of your refund from your 2020 Arizona return to 2021 estimated taxes for Arizona; or
- recomputed a prior year's tax under Arizona's Claim of Right provisions.

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.

Box 63a: Enter the total amount of estimated taxes paid and/or applied to your 2021 taxes.

NOTE: *If you are married and made joint Arizona estimated payments for 2021, but are filing separate 2021 Arizona income tax returns, see the department's ruling ITR 02-3, Allocating Joint Estimated Payments to Separate Returns.*

Box 63b: 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 63b.

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 63c: Add the amounts in box 63a and box 63b and enter the total on line 63c.

Line 64 - 2021 Arizona Extension Payment (Arizona Form 204)

Use this line to report the payment you sent with your extension request or the electronic extension payment you made using www.AZTaxes.gov.

Line 65 - Other Refundable Credits

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

- Credit for Increased Research Activities - Individuals, (Form 308-I)
- 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 may be 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 (ACA), 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 5, line 32.

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 ACA. For more information, see Arizona Form 349.

You must include a copy of your "Certificate of Qualification" from the ACA 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 20.

If you are claiming more than one of the refundable tax credits, check the appropriate boxes and add the amounts from the credit forms together and enter the total on line 65. You may use the following table to figure the amount to enter on line 65.

2021 - Refundable Credit Worksheet	
1. Enter the refundable credit from Form 308-I, Part 7, line 38.	
2. Enter the refundable credit from Form 349, Part 8, line 20.	
3. Add the amounts on lines 1 and 2. Enter the total here and on line 65.	

Line 66 - Total Payments and Refundable Credits

Line 66 is the total payments and refundable credits claimed. Add lines 62 through 65 and enter the total.

Figuring Your Tax Due or Overpayment

Line 67 - Tax Due

If line 61 is more than line 66, you have tax due. Subtract line 66 from line 61 and enter the amount of tax due. Skip lines 68, 69, and 70.

Line 68 - Overpayment

If line 66 is more than line 61, you have an overpayment. Subtract line 61 from line 66 and enter the difference. Complete lines 69 and 70.

Line 69 - Amount of Line 68 to Apply to 2022 Estimated Tax

If you want all or part of your overpayment applied to next year's Arizona estimated taxes, enter that amount on line 69.

NOTE: If you apply any of the amount shown on line 69 to 2022, you cannot use that amount to pay any tax that is later found to be due for 2021. You also may not claim a refund for that amount until you file your 2022 return.

Line 70 - Balance of Overpayment

Subtract line 69 from line 68 to determine your overpayment balance before voluntary gifts and any estimated payment 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 71 - 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 87. Enter the amount you want to donate on line 71.

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 72 - 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 87. Enter the amount you want to donate on line 72.

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 73 - 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 87. Enter the amount you want to donate on line 73.

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

Line 74 - Domestic Violence Services Fund

You may give some or all of your refund to the Domestic Violence Services Fund. You may also give more than your entire refund. If you send in additional money with your return, include that amount on line 87. Enter the amount you want to donate on line 74.

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

Line 75 - 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 87. Enter the amount you want to donate on line 75. If you donated to a political party, complete line 82. Gifts go to one of the following political parties:

- Democratic
- Libertarian
- Republican

Line 76 - 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 87. Enter the amount you want to donate on line 76.

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 77 - 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 87. Enter the amount you want to donate on line 77.

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

Line 78 - 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 87. Enter the amount you want to donate on line 78.

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

Line 79 - 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 87. Enter the amount you want to donate on line 79.

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

Line 80 - 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 87. Enter the amount you want to donate on line 80.

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 81 - Spaying and Neutering of Animals Fund

You may give some or all of your refund to the Spaying and Neutering of Animals Fund. You may also give more than your entire refund. If you send in additional money with your return, include that amount on line 87. Enter the amount you want to donate on line 81.

Gifts that you make to the Spaying and Neutering of Animals Fund will help to reduce pet overpopulation by sterilizing, at minimal or no cost, dogs and cats in this state, including those that are impounded and sterilized.

Line 82 - Political Party

If you entered an amount on line 75, 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 75.

Line 83 - Estimated Payment Penalty

You must have made Arizona estimated income tax payments during 2021 if:		
Your filing status is:	AND Your Arizona gross income for 2020 was greater than:	AND Your Arizona gross income for 2021 was greater than:
Single	\$ 75,000	\$ 75,000
Married filing Joint	\$150,000	\$150,000
Married filing Separate	\$ 75,000	\$ 75,000
Head of Household	\$ 75,000	\$ 75,000

NOTE: Do not complete Arizona Form 221, Underpayment of Estimated Tax by Individuals, if the amount on Form 140NR, line 62 is more than the amount on Form 140NR, line 61.

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 to determine if any penalty is due. Enter the total penalty from Form 221.

If you report as a farmer or fisherman for federal purposes, you were not required to make estimated payments during 2021 if the following apply:

1. *You are a calendar year filer.* You file your Arizona return by March 1, 2022. You pay in full the amount stated on your return as owed.
2. *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 842 on line 84 and do not complete Form 221.

Line 84 - Box 841 through Box 843

Box 841: 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 842: check if you are an individual who for federal purposes reports as a farmer or fisherman.

Box 843: check if you completed and are including Form 221.

Line 85

Add lines 71 through 81 and 83. Enter the total

Figuring Your Refund or Amount Owed



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

Line 86 - Refund

Subtract line 85 from line 70. Enter your refund on line 86 and skip line 87. If less than zero, enter amount owed on line 87.

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 the 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. Include your SSN in your letter. Write to:

Refund Desk
Arizona Department of Revenue
PO Box 29216,
Phoenix, AZ 85038-9216

Direct Deposit of Refund

Complete the direct deposit line if you want us to directly deposit the amount shown on line 87 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 86A if the direct deposit will ultimately be placed in a foreign account. If you check box 86A, do not enter your routing or account numbers.

If this box is checked, we will not direct deposit your refund. We will mail 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 will be mailed instead. On the sample check, the routing number is 250250025.

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.

Account Number

MAKE SURE YOU ENTER THE CORRECT ACCOUNT NUMBER.

Sample Check

JOHN DOE OR JANE DOE
123 First Street
Sometown, AZ 00000

PAY TO THE ORDER OF **SAMPLE** \$

THIS BANK Sometown, AZ 00000

For

Routing Number: 250250025
Account Number: 2020207186
Check Number: 1234

Do not include the check number.

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

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 87 - Amount Owed

Add lines 67 and 85. Enter the amount you owe on line 87. If you are making voluntary gifts on lines 71 through 81 in excess of your overpayment, enter the difference on line 87. You may pay only with a check, electronic check, money order, or credit card.

Check or money order

NOTE: *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. The department cannot accept checks or money orders in foreign currency. You must make payment in U.S. dollars. It may take 2-3 weeks for your payment to process.

The Department of Revenue may charge you \$50 for a check returned unpaid by your financial institution.

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 2021. There is no fee to use this method. To make an electronic payment, go to 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 \$50 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 American Express, Discover, Visa, or MasterCard. Go to 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 87 when you file, you may request to make monthly installment payments. Complete Arizona Form 140-IA and mail the completed form to the address on the Form 140-IA. **Do not mail Form 140-IA with your income tax return.** You may obtain Arizona Form 140-IA from our website.

If you cannot pay the full amount shown on line 87, you will be charged interest and may be charged a late payment penalty on the tax not paid by April 18, 2022. 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 140NR is not considered a valid return unless you sign it. The department cannot mail a refund check without proper signatures on the return.

Instructions Before Mailing

- **DO NOT STAPLE YOUR RETURN. DO NOT STAPLE ANY SCHEDULES, DOCUMENTS OR PAYMENT TO YOUR 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.
- 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 (above your name) 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 or money order. Include your payment with your return.
- Do **not** include correspondence with your return.

Mailing Your Return

Place pages in the order shown in the next column.

- If you are filing Arizona Form 140NR-SBI, Small Business Income, place this form before Form 140NR.

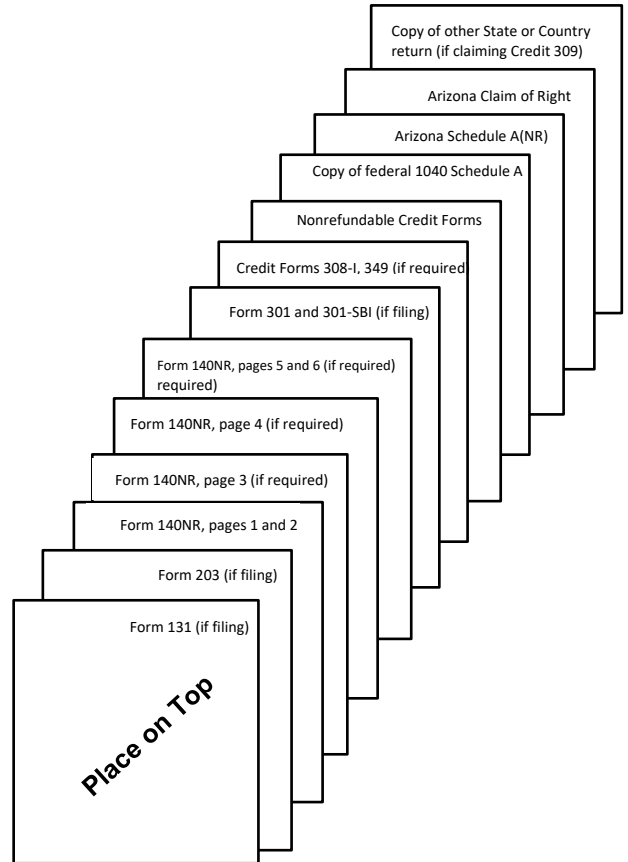
NOTE: If you are filing Arizona Form 140NR-SBI, **DO NOT MAIL THIS RETURN SEPARATELY.** Include this return with your Form 140NR in the same envelope.

- If you completed Arizona Schedule DFE, *Disallowed Federal Expense Schedule for Marijuana Establishments*, place the schedule after page 6.
- If you are mailing your return, be sure to include Form 140NR, pages 1 and 2 any other required forms.

Include Form(s) W-2, W-2G, 1099-B, 1099-DIV, 1099-G, 1099-INT, 1099-NEC, 1099-MISC and 1099-R, after the last page of your return **only** if the form shows Arizona income tax withholding.

If you are mailing your return, make a copy before mailing. Also make a copy of any forms and 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.

If mailing more than one tax return, use a 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, 2021.

The term "United States mail" includes any private delivery service designated by the United States Secretary of the Treasury pursuant to IRC § 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 underreport the income shown on that return by more than 25%. The department can bring an action at any time if a return is false or fraudulent, or you do not file a return. To find out more about what records you should keep, see federal Publication 552.

Where’s My Refund?

You can check on your refund by visiting www.azdor.gov or 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 2021 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.

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

2021 Original return 2021 Amended return

IMPORTANT

If you elected to file the Arizona Small Business Income Tax Return (Form 140NR-SBI), only claim the subtraction on this return if the net capital gain to which the subtraction relates was not moved to the Arizona Small Business Income Tax Return.

As a nonresident, you may include in your computation only net long-term capital gains from qualifying assets acquired from Arizona sources.

- If you cannot determine the acquisition date of an asset, including mutual funds, the long-term capital gain from that asset does not qualify for the allowable subtraction. For the purpose of the allowable subtraction, these assets are considered to have been acquired before January 1, 2012.
- An asset acquired by gift or inheritance is considered acquired on the date it was acquired by gift-giver or the deceased individual.
- If you receive Form(s) 165 Schedule K-1 from a partnership, 120S Schedule K-1 from an S corporation, or 141AZ Schedule K-1 from an estate or trust, be sure to include those qualifying net long-term capital gain amounts in your computation.

Do not include any short-term capital gain or (loss) in this worksheet

1.	Total Net Long-Term Capital Gain or (loss) reported on federal Form 1040 and included in federal adjusted gross income.....	\$	00	
2.	Enter the amount included on Form 140NR, line 39, for net long-term capital gain derived from investment in qualified small business	\$	00	
3.	Enter the amount included on the schedule "Other Subtractions from Income", page 6, item "M", for net long-term capital gain derived from exchange of one kind of legal tender for another kind of legal tender.....	\$	00	
4.	Enter the amount included on the schedule "Other Subtraction Additions to Income", page 5, item "J", for net long-term capital loss derived from exchange of one kind of legal tender for another kind of legal tender.....	\$	00	
5.	Line 1 minus (line 2 + line 3) plus line 4.....	\$	00	
6.	Net long-term capital gain or (loss) from assets acquired before 12/1/2012.....	\$	00	
7.	Net long-term capital gain from assets acquired after 12/31/2011.....	\$	00	

- If the amount on line 7 is positive, you have a net long-term capital gain from assets acquired *after* December 31, 2011. Enter the amount on Form 140NR, line 37.
- If the amount on line 7 is zero or negative, you do not qualify to take the allowable subtraction. Enter "0" on Form 140NR, line 37.

How to Complete a Composite Nonresident Personal Income Tax Return

Do You Qualify to File a Composite Nonresident Return?

For a list of qualifications and additional filing information, see the department's ruling, ITR 16-2, *Composite Individual Income Tax Returns*.

If you are a partnership or an S corporation and qualify to file an Arizona composite return on behalf of your nonresident individual partners or nonresident individual shareholders, follow the instructions below to complete a composite nonresident personal income tax return on Form 140NR.

REMINDER: *As required by ITR 16-2, a comprehensive schedule for all members of the return must be included with the composite tax return, when filed. See ITR 16-2 (page 4, item #5) for a list of information the schedule must contain.*

The aggregate amounts of income and tax liability for all participating members are reported on page 2 of the return.

Entering Entity Name, Address, and Employer Identification Number

Lines 1, 2, and 3

Enter the entity's name, address and employer identification number (EIN). The entity filing the return should enter its EIN in place of the SSN. For example if the entity's EIN is 98-7654321, the entity would enter its EIN as 987-65-4321.

Box 13 - Composite Return

Be sure to check box 13 on page 1 of the return.

Lines 14 through 54

Do **not** enter any information or amounts on lines 14 through 54. Go to line 55.

Line 55 - Arizona Taxable Income

Enter the aggregate taxable income for all members of the composite return.

Lines 56 through 60

Skip lines 56 through 60. Go to line 61

Line 61 - Balance of Tax

Enter the aggregate tax due from all members of the composite return.

Line 62 – 2021 AZ Income Tax Withheld

Do not enter an amount on line 62.

NOTE: *If any individual partner or shareholder had Arizona income tax withheld from Arizona sourced income, that individual must file his/her own nonresident tax return to report the amount of income tax withheld.*

In this case, the individual cannot be included in the composite return.

Line 63 (Box 63a) – 2021 AZ Estimated Tax Payment

NOTE: *If any individual partner or shareholder made an estimated tax payment, that individual must file his/her own nonresident tax return to claim that estimated tax payment.*

In this case, the individual cannot be included in the composite return.

Complete this line (box 63a) if the filing entity did any of the following:

- Made estimated income tax payments to Arizona for 2021.
- Applied any of the refund from the 2020 Arizona composite nonresident return to 2021 estimated taxes for Arizona.

Line 63 (Box 63c)

Enter the amount from box 63a.

Line 64 - 2021 Extension Payment (Form 204)

Complete line 64 to report a payment the filing entity sent with an extension request or the electronic extension payment the entity made using www.AZTaxes.gov.

Line 65

Do **not** enter an amount on line 65. Go to line 66.

Line 66 - Total Payments

Add lines 63c and 64. Enter the total.

Line 67 - Tax Due

If line 61 is more than line 66, there is tax due. Subtract line 66 from line 61 and enter the amount of tax due. Skip lines 68 through 86. Enter this amount on line 87.

Line 68 - Overpayment

If line 66 is more than line 61, there is an overpayment. Subtract line 61 from line 66 and enter the difference. Complete lines 69 and 70.

Line 69 - Amount of Line 68 to Apply to 2022 Estimated Tax

If the entity wants all or part of its overpayment applied to next year's Arizona estimated taxes, enter that amount on line 69.

NOTE: *If the entity applies any of the amount shown on line 68 to the 2022 composite return, the entity cannot use that amount to pay any tax that is later found to be due for 2021. The entity also may not claim a refund for that amount until the entity files its 2022 return.*

Line 70 - Balance of Overpayment

Subtract line 69 from line 68 to determine the entity's overpayment. Enter this amount on line 86.

Lines 71 through 85

Skip lines 71 through 85. Go to line 86.

Figuring the Refund or Amount Owed

Line 86 - Refund

Enter the overpayment from line 70 and skip line 87.

Direct Deposit of Refund

Complete the direct deposit line if you want us to directly deposit the amount shown on line 86 into entity's 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 86A if the direct deposit will ultimately be placed in a foreign account. If you check box 86A, do not enter your routing or account numbers. If this box is checked, we will not direct deposit your refund. We will mail you a check instead.

Why Use Direct Deposit?

- The entity will get its 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 the 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.

For more information completing the Direct Deposit information, see the instructions on pages 23 and 24.

Line 87 - Amount Owed

Enter the amount from line 67. You may pay only with a check, electronic check, money order, or credit card.

Check or money order

NOTE: Include the entity's check or money order with the return. Please do not send cash.

Make the check payable to Arizona Department of Revenue. Write the EIN, tax year, and "Composite 140NR Return" on the front of the check or money order. The department cannot accept checks or money orders in foreign currency. The entity must make payment in U.S. dollars. It may take 2-3 weeks for the payment to process.

The Department of Revenue may charge the entity \$50 for a check returned unpaid by your financial institution.

Electronic payment from your checking or savings account

The entity can make an electronic payment from the checking or savings account to pay the balance due for 2021. There is no fee to use this method. To make an electronic payment, go to www.AZTaxes.gov and click on the "Make a Payment" link.

Be sure to enter the correct routing number and account number for the checking or savings account. The entity will be charged

a \$50 NSF (non-sufficient funds) fee if it provides an incorrect routing number or an incorrect account number. Check with the entity's 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 entity's checking or savings account if the payment will ultimately be coming from a foreign account. In this case, the entity must pay by check or money order.

Credit card payment

You can pay with an American Express, Discover, Visa, or MasterCard. Go to 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.**

Sign Your Return

The composite return must be signed by the partners or corporate officers authorized to sign the partnership return or S Corporation income tax return.

Mailing the Return

A composite return cannot be filed electronically. All composite returns, both original and amended, must be mailed to the address on the form.

Where Should I Mail the 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

2021 Arizona Tax Tables X and Y

Full-Year Residents:

If your taxable income is less than \$50,000, use the Optional Tax Tables to figure your tax.

If your taxable income is \$50,000 or more, you must use Tax Tables X and Y to figure your tax.

NOTE: If your taxable income is \$50,000 or more, you cannot use Form 140EZ or Form 140A to file for 2021. In this case, you must file using Form 140.

All Part-Year Residents and Nonresidents: You must use Tax Tables X and Y to figure your tax.

NOTE: Tax Tables X and Y have been created to apply only to the regular individual income tax, which is reported on the following lines: line 46a (Form 140); line 56a (Form 140PY); line 56a (Form 140NR); or line 37a (Form 140X).

The surcharge tax is not included in tables below. The surcharge is 3.5% of the taxable income amount that is over \$250,000 if the filing method is either single or married filing separate **or** the taxable income is over \$500,000 if the filing method is either married filing joint or head of household. The surcharge amount is reported on line 46b (Form 140); line 56b (Form 140PY); line 56b (Form 140NR); or line 37b (Form 140X).

See computation examples below each table.

Table X – Use Table X if Your Filing Status is Single or Married Filing Separate

Taxable Income		column (c) Taxable Income in excess of column (a)	X	column (d) Tax Rate	+	column (e) Tax on the amount in column (a)
Column (a) Is over:	Column (b) But not over:					
0	\$27,808	(Taxable income minus \$0)	X	2.59%	+	\$0
\$27,808	\$55,615	(Taxable income minus \$27,808)	X	3.34%	+	\$720
\$55,615	\$166,843	(Taxable income minus \$55,615)	X	4.17%	+	\$1,649
\$166,843	\$250,000	(Taxable income minus \$166,843)	X	4.5%	+	\$6,287
\$250,000		(Taxable income minus \$250,000)	X	1.00%	+	\$10,029

Example: Single filer \$350,000 in taxable income

Regular tax liability reported on line 46a (Form 140); line 56a (Form 140PY or Form 140NR); or line 37a (Form 140X)

$$= \$10,029 + ((350,000 - 250,000) \times 0.01) = \$11,029$$

Surcharge tax liability reported on line 46b (Form 140); line 56b (Form 140PY or Form 140NR); or line 37b (Form 140X)

$$= (350,000 - 250,000) \times 0.035 = \$3,500$$

Table Y – Use Table Y if Your Filing Status is Married Filing Joint or Head of Household

Taxable Income		column (c) Taxable Income in excess of column (a)	X	column (d) Tax Rate	+	column (e) Tax on the amount in column (a)
Column (a) Is over:	Column (b) But not over:					
\$0	\$55,615	(Taxable income minus \$0)	X	2.59%	+	\$0
\$55,615	\$111,229	(Taxable income minus \$55,615)	X	3.34%	+	\$1,440
\$111,229	\$333,684	(Taxable income minus \$111,229)	X	4.17%	+	\$3,298
\$333,684	\$500,000	(Taxable income minus \$333,684)	X	4.5%	+	\$12,574
\$500,000		(Taxable income minus \$500,000)	X	1.00%	+	\$20,059

Example: MFJ filer \$1,000,000 in taxable income

Regular tax liability reported on line 46a (Form 140); or line 56a (Form 140PY or Form 140NR); or line 37a (Form 140X)

$$= \$20,059 + ((1,000,000 - 500,000) \times 0.01) = \$25,059$$

Surcharge tax liability reported on line 46b (Form 140); line 56b (Form 140PY or Form 140NR); or line 37b (Form 140X)

$$= (1,000,000 - 500,000) \times 0.035 = \$17,500$$

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- your federal adjusted gross income was \$ 25,000 or less (\$12,500 if single)
- you were not sentenced for at least 60 days of 2021 to a county, state or federal prison

Up to
\$100
per household

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