

# Notice

As a rule, the starting point for your Arizona return is your federal taxable income. This is the case for 2010, except for changes Congress made to the federal tax code during 2010 and how the changes affect how you figure your federal taxable income.

When federal changes are made, the 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 2011. We must publish these forms before this issue will be addressed by the legislature. When we went to print, Arizona had not yet adopted any federal tax law changes made after January 1, 2010.

**What does this mean to you? It means that if any of the federal law changes made in 2010 apply to your 2010 return, you can opt to file your 2010 return using one of the following methods.**

1. You can wait and file your 2010 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 2010 return assuming that the federal law changes will be adopted.

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

- If Arizona adopts those changes, you do not have to do anything more.
  - If Arizona does not adopt all those changes, you may need to amend your 2010 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 at <http://www.azdor.gov>, you will need to click on the link for 2010 conformity.
3. You can file your 2010 return assuming that we will not adopt the federal law changes. If you opt for this method, you will have to do the following.
    - You will have to research all of the federal changes made after January 1, 2010.
    - 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 2010 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 at <http://www.azdor.gov>, you will need to click on the link for 2010 conformity.

**ARIZONA FORM  
120S**

**Arizona S Corporation Income Tax Return**

**2010**

For the  calendar year 2010 or  fiscal year beginning MM,DD,YYYY and ending MM,DD,YYYY.

|   |                               |                                    |  |
|---|-------------------------------|------------------------------------|--|
| Business telephone number                                   | Please<br>Type<br>or<br>Print | Name                               | CHECK ONE:<br>Original <input type="checkbox"/> Amended <input type="checkbox"/> |
|   |                               | Number and street or PO Box        | Employer identification number (EIN)   |
| Business activity code number<br>(from federal Form 1120-S) |                               | City, or town, state, and ZIP code | AZ transaction privilege tax number  |

|   |  |
|---|--|
| <b>69</b> Check box if: <input type="checkbox"/> This is a first return <input type="checkbox"/> Name change <input type="checkbox"/> Address change  | <b>82</b> CHECK BOX IF:<br>Return filed under extension. 82 F <input type="checkbox"/> |
| <b>A</b> Arizona apportionment: (check only one) Multistate S corporations only.<br><input type="checkbox"/> AIR Carrier <input type="checkbox"/> STANDARD Sales Factor <input type="checkbox"/> ENHANCED Sales Factor  | REVENUE USE ONLY. DO NOT MARK IN THIS AREA.  |
| <b>B</b> Is this the corporation's final Arizona return? <input type="checkbox"/> Yes <input type="checkbox"/> No<br>If yes, check one: <input type="checkbox"/> Dissolved <input type="checkbox"/> Withdrawn <input type="checkbox"/> Merged/Reorganized<br>List EIN of the successor corporation, if any: _____ |  |
| <b>C</b> Does the S corporation conduct business within and without Arizona? <input type="checkbox"/> Yes <input type="checkbox"/> No   |  |
| <b>D</b> Will a composite return be filed on Form 140NR? <input type="checkbox"/> Yes <input type="checkbox"/> No   |  |
| <b>E</b> Total number of nonresident individual shareholders _____  |  |
| <b>F</b> Total number of resident individual shareholders _____   |  |
| <b>G</b> Total number of entity shareholders (See instructions, page 3) _____   | <b>81</b> <b>66</b>  |

**1** Total distributive income (loss) - from federal Form 1120-S, Schedule K..... **1** 00

Complete lines 2-11 only if the S corporation has excess net passive income or capital gains/built-in gains. An S corporation that is not required to complete lines 2-11 must complete lines 12-34 if the S corporation has a tax liability from the recapture of tax credits.

|   |           |    |
|---|-----------|----|
| <b>2</b> Excess net passive income .....  | <b>2</b>  | 00 |
| <b>3</b> Capital gains/built-in gains .....   | <b>3</b>  | 00 |
| <b>4</b> Total federal income subject to corporate income tax - add lines 2 and 3. WHOLLY ARIZONA S CORPORATIONS GO TO LINE 11 ....   | <b>4</b>  | 00 |
| <b>5</b> Nonapportionable or allocable income - attach schedule. MULTISTATE S CORPORATIONS ONLY .....   | <b>5</b>  | 00 |
| <b>6</b> Apportionable income - subtract line 5 from line 4. Multistate S corporations only.....  | <b>6</b>  | 00 |
| <b>7</b> Arizona apportionment ratio - from Schedule A or Schedule ACA..... <b>7</b> .  | <b>7</b>  |    |
| <b>8</b> Income apportioned to Arizona - line 6 multiplied by line 7. Multistate S corporations only.....   | <b>8</b>  | 00 |
| <b>9</b> Other income allocated to Arizona - attach schedule. Multistate S corporations only .....  | <b>9</b>  | 00 |
| <b>10</b> Total income attributable to Arizona - add lines 8 and 9 .....  | <b>10</b> | 00 |
| <b>11</b> Net income subject to Arizona corporate income tax. Wholly Arizona S corporations - enter the amount from line 4.<br>Multistate S corporations - enter the amount from line 10.....               | <b>11</b> | 00 |
| <b>12</b> Enter tax - see instructions before completing this line .....  | <b>12</b> | 00 |
| <b>13</b> Tax from recapture of tax credits - from Form 300, Part II, line 23.....  | <b>13</b> | 00 |
| <b>14</b> Subtotal - add lines 12 and 13.....   | <b>14</b> | 00 |
| <b>15</b> Clean Elections Fund Tax Reduction. Check this box to send \$5 to the fund and reduce the tax (line 14) by \$5.<br>Enter the amount of the tax reduction..... <b>15A</b> <input type="checkbox"/> | <b>15</b> | 00 |
| <b>16</b> Nonrefundable tax credits - from Arizona Form 300, Part II, line 45.....  | <b>16</b> | 00 |
| <b>17</b> Credit type - enter form number for each credit claimed..... <b>17</b> 3 3 3 3  | <b>17</b> |    |
| <b>18</b> Tax liability - subtract the sum of lines 15 and 16 from line 14 .....  | <b>18</b> | 00 |
| <b>19</b> Clean Elections Fund Tax Credit. SEE INSTRUCTIONS BEFORE COMPLETING THIS LINE.....  | <b>19</b> | 00 |
| <b>20</b> Tax liability after Clean Elections Fund tax credit - subtract line 19 from line 18.....  | <b>20</b> | 00 |
| <b>21</b> Refundable tax credits. Check box(es) and enter amount(s) <b>21</b> <input type="checkbox"/> 308 <input type="checkbox"/> 342 .....   | <b>21</b> | 00 |
| <b>22</b> Extension payment made with Form 120EXT or online - see instructions.....   | <b>22</b> | 00 |
| <b>23</b> Estimated tax payments - see instructions .....   | <b>23</b> | 00 |
| <b>24</b> Total payments - add lines 21 through 23. Amended returns - see instructions .....  | <b>24</b> | 00 |
| <b>25</b> Balance of tax due - If line 20 is larger than line 24, enter balance of tax due. Skip line 26.....   | <b>25</b> | 00 |
| <b>26</b> Overpayment of tax - If line 24 is larger than line 20, enter overpayment of tax .....  | <b>26</b> | 00 |
| <b>27</b> Penalty and interest .....  | <b>27</b> | 00 |
| <b>28</b> Estimated tax underpayment penalty. If Form 220 is attached, check box ..... <b>28A</b> <input type="checkbox"/>  | <b>28</b> | 00 |
| <b>29</b> Donation to Citizens Clean Elections Fund - see instructions .....  | <b>29</b> | 00 |
| <b>30</b> Information return penalty - see instructions.....  | <b>30</b> | 00 |
| <b>31</b> TOTAL DUE - see instructions..... Payment must accompany return   | <b>31</b> | 00 |
| <b>32</b> OVERPAYMENT - see instructions.....   | <b>32</b> | 00 |
| <b>33</b> Amount of line 32 to be applied to 2011 estimated tax .....   | <b>33</b> | 00 |
| <b>34</b> Amount to be refunded - subtract line 33 from line 32.....  | <b>34</b> | 00 |

