Arizona Booklet X 2014

VOLUME 2

This booklet contains:

- ☐ Tax Credit Forms
- ☐ Fiduciary Tax Forms
- ☐ Withholding Tax Forms

CAUTION

The federal amounts that you use on your Arizona return may not be the same as the federal amounts from your federal tax return.

Each year the Arizona State Legislature considers if they will adopt changes made to the federal tax law during the prior year. These forms assume the Legislature will adopt all federal law changes made after January 1, 2014.

If you use the amounts from your 2014 federal tax return to complete your Arizona return and the Legislature does not adopt the 2014 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 2014 conformity.

QUICK AND EASY ACCESS TO TAX HELP AND FORMS

PERSONAL COMPUTER

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Here is a sample of what you will find when you visit our web site at **www.azdor.gov**:

- Forms and Instructions
- Brochures
- Tax Rulings and Procedures
- Other General Tax Information

Did You Know?

Tax software does all the hard work for you! The software:

- Calculates Tax
- Does the Math
- Selects Forms and Schedules
- Makes Complex Returns Simple
- Checks for Errors Before You File
- E-Files the IRS and AZ Returns at the same time
- Gives Proof of E-Filing

ARIZONA IRS e-file

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For details & eligiblity

FREE E-File Available

PHONE

Information by phone...

Individual and Corporate Income Tax:

Phoenix..... (602) 255-3381

Toll-free from area codes 520 and 928..... (800) 352-4090

Withholding Tax:

Phoenix..... (602) 255-2060

Toll-free from area codes 520 and 928..... (800) 843-7196

WALK-IN SERVICE

You may get forms and information at any of our offices.

We have offices at the following locations:

Phoenix
1600 West Monroe St.

East Valley
1840 South Mesa Drive
Building 1352

Tucson
400 West Congress

Reasonable accommodations for any person with a disability can be made.

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Arizona Form **300**

Nonrefundable Corporate Tax Credits and Recapture

2014

Include with the taxpayer's return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Name as shown on Form 99T, 120, 120A, 120S, or 120X	Employer Identification Number

Part 1 Nonrefundable Tax Credits Available

Enter total available nonrefundable tax credits.

		(a) Current Year Credit	(b) Available Carryover	(c) Total Available Credit (a) + (b)	
1 Enterprise Zone Credit ....from Form 304 ►	1				00
2 Environmental Technology Facility Credit....from Form 305 ►	2				00
3 Military Reuse Zone Credit....from Form 306 ►	3				00
4 Credit for Increased Research Activities....from Form 308 ►	4				00
5 Pollution Control Credit....from Form 315 ►	5				00
6 Credit for Taxes Paid for Coal Consumed in Generating Electrical Power....from Form 318 ►	6				00
7 Credit for Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlets....from Form 319 ►	7				00
8 Credit for Employment of TANF Recipients....from Form 320 ►	8				00
9 Agricultural Pollution Control Equipment Credit....from Form 325 ►	9				00
10 Credit for Donation of School Site....from Form 331 ►	10				00
11 Credits for Healthy Forest Enterprises....from Form 332 ►	11				00
12 Credit for Employing National Guard Members....from Form 333 ►	12				00
13 Motion Picture Credits....from Form 334 ►	13				00
14 Credit for Corporate Contributions to School Tuition Organizations....from Form 335 ►	14				00
15 Credit for Solar Energy Devices – Commercial and Industrial Applications....from Form 336 ►	15				00
16 Credit for Water Conservation System Plumbing Stub Outs....from Form 337 ►	16				00
17 Credit for Corporate Contributions to School Tuition Organizations for Displaced Students or Students With Disabilities....from Form 341 ►	17				00
18 Renewable Energy Production Tax Credit....from Form 343 ►	18				00
19 Solar Liquid Fuel Credit....from Form 344 ►	19				00
20 Credit for New Employment....from Form 345 ►	20				00
21 Additional Credit for Increased Research Activities for Basic Research Payments....from Form 346 ►	21				00
22 Credit for Qualified Health Insurance Plans....from Form 347 ►	22				00
23 Credit for Renewable Energy Investment and Production for Self-Consumption by Manufacturers....from Form 351 ►	23				00
24 Total available nonrefundable tax credits: Add lines 1 through 23....	24				00

ADOR 10128 (14)

Name (as shown on page 1)	EIN

Part 2 Application of Nonrefundable Tax Credits and Recapture

Enter tax, recapture tax, and tax credits used this taxable year.

25 Tax from Form 99T, line 6; or Form 120, line 16; or Form 120A, line 8; or Form 120S, line 12; or Form 120X, line 16(c)				**25**		00
26 Tax from recapture of environmental technology facility credit from Form 305, Part 5, line 23	**26**		00			
27 Tax from recapture of credits for healthy forest enterprises from Form 332. See instructions	**27**		00			
28 Tax from recapture of credit for renewable energy industry from Form 342, Part 5, line 17	**28**		00			
29 Tax from recapture of credit for qualified facilities from Form 349, Part 5, line 17	**29**		00			
30 Tax from recapture of credit for renewable energy investment and production for self-consumption by manfacturers from Form 351, Part 5, line 25(c)	**30**		00			
31 Recapture total: Add lines 26 through 30. Enter total here and on Form 99T, line 7; or Form 120, line 17; or Form 120A, line 9; or Form 120S, line 13; or Form 120X, line 17(c)	**31**		00			
32 Subtotal of tax: Add lines 25 and 31				**32**		00

Nonrefundable Tax Credits Used This Taxable Year

Enter amount of credits actually used from Part 1.

33 Enterprise Zone Credit ....from Form 304 ►	**33**		00
34 Environmental Technology Facility Credit – cannot exceed 75% of line 32. See instructions....from Form 305 ►	**34**		00
35 Military Reuse Zone Credit....from Form 306 ►	**35**		00
36 Credit for Increased Research Activities: See the instructions for Form 308 for computing limitation....from Form 308 ►	**36**		00
37 Pollution Control Credit....from Form 315 ►	**37**		00
38 Credit for Taxes Paid for Coal Consumed in Generating Electrical Power....from Form 318 ►	**38**		00
39 Credit for Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlets....from Form 319 ►	**39**		00
40 Credit for Employment of TANF Recipients....from Form 320 ►	**40**		00
41 Agricultural Pollution Control Equipment Credit....from Form 325 ►	**41**		00
42 Credit for Donation of School Site....from Form 331 ►	**42**		00
43 Credits for Healthy Forest Enterprises....from Form 332 ►	**43**		00
44 Credit for Employing National Guard Members....from Form 333 ►	**44**		00
45 Motion Picture Credits....from Form 334 ►	**45**		00
46 Credit for Corporate Contributions to School Tuition Organizations....from Form 335 ►	**46**		00
47 Credit for Solar Energy Devices – Commercial and Industrial Applications....from Form 336 ►	**47**		00
48 Credit for Water Conservation System Plumbing Stub Outs....from Form 337 ►	**48**		00
49 Credit for Corporate Contributions to School Tuition Organizations for Displaced Students or Students With Disabilities....from Form 341 ►	**49**		00
50 Renewable Energy Production Tax Credit....from Form 343 ►	**50**		00
51 Solar Liquid Fuel Credit....from Form 344 ►	**51**		00
52 Credit for New Employment....from Form 345 ►	**52**		00
53 Additional Credit for Increased Research Activities for Basic Research Payments....from Form 346 ►	**53**		00
54 Credit for Qualified Health Insurance Plans....from Form 347 ►	**54**		00
55 Credit for Renewable Energy Investment and Production for Self-Consumption by Manufacturers....from Form 351 ►	**55**		00

56 **Total available nonrefundable tax credits:** Add lines 33 through 55. Total cannot be more than line 32. Enter total here and on Form 99T, line 9; or Form 120, line 19; or Form 120A, line 11; or Form 120S, line 15; or Form 120X, line 19(c)	**56**		00

2014 Nonrefundable Corporate Tax Credits and Recapture

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

Phoenix	(602) 255-3381
From area codes 520 and 928, toll-free	(800) 352-4090

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

General Instructions

Form 300 may only be used by corporate taxpayers or exempt organizations with unrelated business taxable income (UBTI). Individual taxpayers must use Arizona Form 301 to claim tax credits.

Corporate taxpayers and exempt organizations with UBTI use this form to summarize their total available nonrefundable tax credits, to determine the application of the available nonrefundable tax credits, and to calculate their tax liability related to recapture of tax credits.

The credits are available to an exempt organization that is subject to corporate income tax on UBTI. The credit must result from the activities that generate UBTI.

NOTE: *You must include Form 300 and the corresponding credit forms on which you computed your credit (s) with your income tax return.*

Specific Instructions

Enter the taxpayer name and employer identification number as shown on Arizona Form 99T, 120, 120A, 120S, or 120X. Indicate the period covered by the taxable year.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, an exempt organization with UBTI, or an S corporation is the employer identification number. Taxpayers that fail to include their TIN may be subject to a penalty.

Part 1 - Nonrefundable Tax Credits Available

Complete Part 1 to determine the total amount of available nonrefundable tax credits. The available tax credit amount for a particular credit is the total of the current taxable year's credit and any available unused credit carryovers from prior taxable years. On lines 1 through 23, enter the available tax credit amount for each of the credits listed.

Line 1 - Enterprise Zone Credit

Column (a): Do not enter an amount here.
Column (b): Enter the amount from Form 304, line 7.
Column (c): Enter the amount from column (b).

Line 2 - Environmental Technology Facility Credit

Column (a): Enter the amount from Form 305, line 40.
Column (b): Enter the amount from Form 305, line 41.
Column (c): Enter the amount from Form 305, line 42.

Line 3 - Military Reuse Zone Credit

Column (a): Enter the sum of lines 41 and 42 from Form 306.
Column (b): Enter the amount from Form 306, line 43.
Column (c): Enter the amount from Form 306, line 44.

Line 4 - Credit for Increased Research Activities

If you are claiming a refund of 75% of current year's excess credit:

Column (a): Enter the amount from Form 308, line 42(c).
Column (b): Enter zero. No carry forward of any amount is allowed from the year of the refund.
Column (c): Enter the amount from column (a).

*If you are **NOT** claiming a refund of 75% of current year's excess credit:*

Column (a): Enter the amount from Form 308, line 66.
Column (b): Enter the sum of lines 67 and 68 on Form 308.
Column (c): Enter the amount from Form 308, line 69.

Line 5 - Pollution Control Credit

Column (a): Enter the amount from Form 315, line 30.
Column (b): Enter the amount from Form 315, line 31.
Column (c): Enter the amount from Form 315, line 32.

Line 6 - Credit for Taxes Paid for Coal Consumed in Generating Electrical Power

Column (a): Enter the amount from Form 318, line 12.
Column (b): Enter the amount from Form 318, line 13.
Column (c): Enter the amount from Form 318, line 14.

Line 7 - Credit for Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlets

Column (a): Enter the sum of lines 30 and 31 from Form 319.
Column (b): Enter the sum of lines 32 and 33 from Form 319
Column (c): Enter the amount from Form 319, line 34.

Line 8 - Credit for Employment of TANF Recipients

Column (a): Enter the amount from Form 320, line 30.
Column (b): Enter the amount from Form 320, line 31.
Column (c): Enter the amount from Form 320, line 32.

Line 9 - Agricultural Pollution Control Equipment Credit

Column (a): Enter the amount from Form 325, line 30.
Column (b): Enter the amount from Form 325, line 31.
Column (c): Enter the amount from Form 325, line 32.

Line 10 - Credit for Donation of School Site

Column (a): Enter the amount from Form 331, line 24.
Column (b): Enter the amount from Form 331, line 25.
Column (c): Enter the amount from Form 331, line 26.

Line 11 - Credits for Healthy Forest Enterprises

Column (a): Enter the sum of lines 72 and 73 from Form 332.
Column (b): Enter the sum of lines 74 and 75 from Form 332.
Column (c): Enter the amount from Form 332, line 76.

Line 12 - Credit for Employing National Guard Members

Column (a): Enter the amount from Form 333, line 20.
Column (b): Enter the amount from Form 333, line 21.
Column (c): Enter the amount from Form 333, line 22.

Line 13 - Motion Picture Credits

Column (a): Do not enter an amount here.
Column (b): Enter the amount from Form 334, line 21.
Column (c): Enter the amount from column (b).

Line 14 - Credit for Corporate Contributions to School Tuition Organizations

Column (a): Enter the amount from Form 335, line 21.
Column (b): Enter the amount from Form 335, line 22.
Column (c): Enter the amount from Form 335, line 23.

Line 15 - Credit for Solar Energy Devices - Commercial and Industrial Applications

Column (a): Enter the amount from Form 336, line 44.
Column (b): Enter the amount from Form 336, line 45.
Column (c): Enter the amount from Form 336, line 46.

Line 16 - Credit for Water Conservation System Plumbing Stub Outs

Column (a): Do not enter an amount here.
Column (b): Enter the amount from Form 337, line 4.
Column (c): Enter the amount from column (b).

Line 17 - Credit for Corporate Contributions to School Tuition Organizations for Displaced Students or Students With Disabilities

Column (a): Enter the amount from Form 341, line 21.
Column (b): Enter the amount from Form 341, line 22.
Column (c): Enter the amount from Form 341, line 23.

Line 18 - Renewable Energy Production Tax Credit

Column (a): Enter the amount from Form 343, line 24.
Column (b): Enter the amount from Form 343, line 25.
Column (c): Enter the amount from Form 343, line 26.

Line 19 - Solar Liquid Fuel Credit

Column (a): Enter the amount from Form 344, line 22.
Column (b): Do not enter an amount here.
Column (c): Enter the amount from column (a).

Line 20 - Credit for New Employment

Column (a): Enter the amount from Form 345, line 40.
Column (b): Enter the amount from Form 345, line 41.
Column (c): Enter the amount from Form 345, line 42.

Line 21 - Additional Credit for Increased Research Activities for Basic Research Payments

Column (a): Enter the amount from Form 346, line 29.
Column (b): Enter the amount from Form 346, line 30.
Column (c): Enter the amount from Form 346, line 31.

Line 22 - Credit for Qualified Health Insurance Plans

Column (a): Enter the amount from Form 347, line 18.
Column (b): Enter the amount from Form 347, line 19.
Column (c): Enter the amount from Form 347, line 20.

Line 23 - Credit for Renewable Energy Investment and Production for Self-consumption by Manufacturers

Column (a): Enter the amount from Form 351, line 32.
Column (b): Enter the amount from Form 351, line 33.
Column (c): Enter the amount from Form 351, line 34.

Line 24 - Total Available Nonrefundable Tax Credits

Add lines 1 through 23. Enter the total. This is the total amount of all nonrefundable tax credits available for use by the taxpayer.

Part 2 - Application of Nonrefundable Tax Credits and Recapture

Complete Part 2 to figure any recapture. Also complete Part 2 to determine which tax credits you will use and the portion of the available tax credit amount from Part 1 that you will use for a particular tax credit.

Note for a partner in a partnership: Partnerships with corporate partners or exempt organization partners with UBTI must notify those partners if a credit that the partnership passed through must be recaptured. The partnership should provide the amount of recapture to its partners. Each relevant credit form has a section devoted to this purpose. The partner must then include any of these recapture amounts in the amount of recapture it computes on Form 300.

Note for an exempt organization that is a shareholder in an S corporation: S corporations with exempt organization shareholders must notify those shareholders if a credit that the S corporation passed through must be recaptured. The S corporation should provide the amount of recapture to its shareholders. Each relevant credit form has a section devoted to this purpose. The exempt organization shareholder with UBTI must then include any of these recapture amounts in the amount of recapture it computes on Form 300.

Line 25 -

Enter the amount of tax as follows:

If you filed Form:	See page:	Line number:
99T	1	6
120	1	16
120A	1	8
120S	1	12
120X	1	16, column (c)

Line 26 -

Enter the amount of tax from recapture of the environmental technology facility credit on Form 305, Part 5, line 23.

Line 27 -

Enter the total amount of tax from recapture of the credits for healthy forest enterprises from Form 332, Part 11, line 53 and from Form 332, Part 12, line 59; or use the following worksheet to calculate the amount to enter on Form 300, line 27.

Healthy Forest Recapture Tax Worksheet	
1. Enter the tax from recapture of the employment credit from Form 332, Part 11, line 53.	
2. Enter the tax from recapture of the training credit from Form 332, Part 12, line 59.	
3. Add the amounts on line 1 and line 2. Enter the total here and on Form 300, line 27.	

Line 28 -

Enter the amount of tax from recapture of the credit for renewable energy industry from Form 342, Part 5, line 17.

Line 29 -

Enter the amount of tax from recapture of the credit for qualified facilities from Form 349, Part 5, line 17.

Line 30 -

Enter the amount of tax from recapture of the credit for renewable energy investment and production for self-consumption by manufacturers from Form 351, Part 5, line 25c.

Line 31 -

Add lines 26 through 30. Enter the total here and on your income tax form, as follows:

If you filed Form:	See page:	Line number:
99T	1	7
120	1	17
120A	1	9
120S	1	13
120X	1	17, column (c)

Line 32 -

Add lines 25 and 31. Enter the total. This is the maximum amount to which the total amount of nonrefundable tax credits used by the taxpayer may be applied.

Nonrefundable Tax Credits Used This Taxable Year: The total amount of nonrefundable tax credits used by the taxpayer cannot exceed the amount entered on line 32. In order for the taxpayer to determine which tax credit(s) to claim and the amount to claim for a particular tax credit, the taxpayer must consider any limitations on the allowable amount of a particular tax credit and whether the unused portion of a particular tax credit may be carried forward.

Line 33 - Enterprise Zone Credit

This credit has been repealed and is in the carryforward period. The unused portion of this tax credit may be carried forward for up to five succeeding taxable years, provided the business remains in the former enterprise zone. If the business relocates outside of the former enterprise zone, the carryover of the tax credit is lost. Enter the amount used.

Line 34 - Environmental Technology Facility Credit

The unused portion of this tax credit may be carried forward for 15 succeeding taxable years. If the taxpayer is subject to the tax related to recapture of this tax credit for the facility, the carryover of the tax credit is reduced by the percentages listed in Form 305 instructions.

The portion of the available credit amount from Form 300, Part 1, line 2 that may be used by the taxpayer is limited to 75% of the amount of tax entered on line 32. Enter the amount used.

Line 35 - Military Reuse Zone Credit

The unused portion of this tax credit may be carried forward for five succeeding taxable years if the business remains in the military reuse zone. If the business relocates outside of the military reuse zone, the carryover of the tax credit is lost. Enter the amount used.

Line 36 - Credit for Increased Research Activities

The unused portion of this tax credit may be carried forward for 15 succeeding taxable years. Effective for taxable years beginning from and after December 31, 2000, the unused portion of the conversion credit carryover may be carried forward for 15 succeeding taxable years from the taxable year in which the excess qualified research expenses were incurred. Enter the total amount used.

NOTE: If you qualify for and are claiming a 75% refund of your excess credit for the current year, enter the nonrefundable portion of the credit here (from Form 308, Part 6, line 42c). Enter the refundable portion of the credit (the amount from Form 308, Part 6, line 46) on Form 99T, line 12; or Form 120, line 22; or Form 120A, line 14; or Form 120S, line 18; or Form 120X, line 22. Carry forwards from previous years of the credit for increased research activities will carryover to the following year, provided the credit is within the 15 year carry forward period.

Line 37 - Pollution Control Credit

The unused portion of this tax credit may be carried forward for five succeeding taxable years. Enter the amount used.

Line 38 - Credit for Taxes Paid for Coal Consumed in Generating Electrical Power

The unused portion of this tax credit may be carried forward for five succeeding taxable years. Enter the amount used.

Line 39 - Credit for Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlets

The unused portion of this tax credit may be carried forward for five succeeding taxable years. Enter the amount used.

Line 40 - Credit for Employment of TANF Recipients

The unused portion of this tax credit may be carried forward for five succeeding taxable years. Enter the amount used.

Line 41 - Agricultural Pollution Control Equipment Credit

The unused portion of this tax credit may be carried forward for five succeeding taxable years. Enter the amount used.

Line 42 - Credit for Donation of School Site

The unused portion of this tax credit may be carried forward for five succeeding taxable years. Enter the amount used.

Line 43 - Credits for Healthy Forest Enterprises

The unused portion of these tax credits may be carried forward for five succeeding taxable years. Enter the amount used.

Line 44 - Credit for Employing National Guard Members

The unused portion of this tax credit may be carried forward for five succeeding taxable years. Enter the amount used.

Line 45 - Motion Picture Credits

This credit has been repealed and is in the carryforward period. The unused portion of this tax credit may be carried forward for up to two more succeeding taxable years. Enter the amount used.

Line 46 - Credit for Corporate Contributions to School Tuition Organizations

The unused portion of this tax credit may be carried forward for five succeeding taxable years. Enter the amount used.

Line 47 - Credit for Solar Energy Devices - Commercial and Industrial Applications

The unused portion of this tax credit may be carried forward for five succeeding taxable years. Enter the amount used.

Line 48 - Credit for Water Conservation System Plumbing Stub Outs

This credit has expired and is in the carry forward period. The unused portion of this tax credit may be carried forward for up to two more succeeding taxable years. Enter the amount used.

Line 49 - Credit for Corporate Contributions to School Tuition Organizations for Displaced Students or Students With Disabilities

The unused portion of this tax credit may be carried forward for five succeeding taxable years. Enter the amount used.

Line 50 - Renewable Energy Production Tax Credit

The unused portion of this tax credit may be carried forward for five succeeding taxable years. Enter the amount used.

Line 51 - Solar Liquid Fuel Credit

The unused portion of this tax credit may **not** be carried forward. Enter the amount used.

Line 52 - Credit for New Employment

The unused portion of this tax credit may be carried forward for five succeeding taxable years. Enter the amount used.

Line 53 - Additional Credit for Increased Research Activities for Basic Research Payments

The unused portion of this tax credit may be carried forward for five succeeding taxable years. Enter the amount used.

Line 54 - Credit for Qualified Health Insurance Plans

The unused portion of this tax credit may be carried forward for three succeeding taxable years. Enter the amount used.

Line 55 - Credit for Renewable Energy Investment and Production for Self-consumption for Manufacturers

The unused portion of this tax credit may be carried forward for five succeeding taxable years. Enter the amount used.

Line 56 - Total Nonrefundable Tax Credits Used

Add lines 33 through 55. Enter the total. This amount cannot exceed the amount entered on line 32. Enter the amount from this line on your income tax form, as follows:

If you filed Form:	See page:	Line number:
99T	1	9
120	1	19
120A	1	11
120S	1	15
120X	1	19, column (c)

Arizona Form **301** | **Nonrefundable Individual Tax Credits and Recapture** | **2014**

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Your Name as shown on Form 140, 140PY, 140NR or 140X	Your Social Security Number
Spouse's Name as shown on Form 140, 140PY, 140NR or 140X (if a joint return)	Spouse's Social Security Number

Part 1 Nonrefundable Individual Tax Credits Available

Enter total available tax credits.

		(a) Current Year Credit	(b) Available Carryover	(c) Total Available Credit (a) + (b)
1 Enterprise Zone Credit ..... Form 304 ►	1			00
2 Environmental Technology Facility Credit..... Form 305 ►	2			00
3 Military Reuse Zone Credit..... Form 306 ►	3			00
4 Recycling Equipment Credit ..... Form 307 ►	4			00
5 Credit for Increased Research Activities – Individuals..... Form 308-I ►	5			00
6 Credit for Taxes Paid to Another State or Country..... Form 309 ►	6			00
7 Credit for Solar Energy Devices ..... Form 310 ►	7			00
8 Agricultural Water Conservation System Credit ..... Form 312 ►	8			00
9 Pollution Control Credit..... Form 315 ►	9			00
10 Credit for Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlets ..... Form 319 ►	10			00
11 Credit for Employment of TANF Recipients..... Form 320 ►	11			00
12 Credit for Contributions to Qualifying Charitable Organizations.... Form 321 ►	12			00
13 Credit for Contributions Made or Fees Paid to Public Schools..... Form 322 ►	13			00
14 Credit for Contributions to Private School Tuition Organizations... Form 323 ►	14			00
15 Agricultural Pollution Control Equipment Credit ..... Form 325 ►	15			00
16 Credit for Donation of School Site ..... Form 331 ►	16			00
17 Credits for Healthy Forest Enterprises ..... Form 332 ►	17			00
18 Credit for Employing National Guard Members..... Form 333 ►	18			00
19 Motion Picture Credits ..... Form 334 ►	19			00
20 Credit for Solar Energy Devices – Commercial and Industrial Applications..... Form 336 ►	20			00
21 Credit for Investment in Qualified Small Businesses..... Form 338 ►	21			00
22 Credit for Water Conservation Systems ..... Form 339 ►	22			00
23 Credit for Donations to the Military Family Relief Fund ..... Form 340 ►	23			00
24 Renewable Energy Production Tax Credit..... Form 343 ►	24			00
25 Solar Liquid Fuel Credit..... Form 344 ►	25			00
26 Credit for New Employment..... Form 345 ►	26			00
27 Additional Credit for Increased Research Activities for Basic Research Payments ..... Form 346 ►	27			00
28 Credit for Qualified Health Insurance Plans ..... Form 347 ►	28			00
29 Credit for Contributions to Certified School Tuition Organization (for contributions that exceed the allowable credit on Arizona Form 323)... Form 348 ►	29			00
30 Credit for Renewable Energy Investment and Production for Self-Consumption by Manufacturers ..... Form 351 ►	30			00
31 **Total available nonrefundable tax credits:** Add lines 1 through 30	31			00

Continued on page 2 ➔

IMPORTANT ***You must include Form 301 and the corresponding credit forms on which you computed your credit(s) with your individual income tax return.***

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

Part 2 Application of Tax Credits and Recapture

Enter tax, recapture tax, and tax credits used this taxable year.

32	Tax from Form 140, line 46; or Form 140PY, line 59; or Form 140NR, line 56; or Form 140X, line 31	32	00
33	Tax from recapture of Environmental Technology Facility Credit from Form 305, Part 5, line 23	33	00
34	Tax from recapture of Credits for Healthy Forest Enterprises from Form 332, Part 11, line 53, and Part 12, line 59	34	00
35	Tax from recapture of Credit for Renewable Energy Industry from Form 342, Part 5, line 17	35	00
36	Tax from recapture of Credit for Qualified Facilities from Form 349, Part 5, line 17	36	00
37	Tax from recapture of Credit for Renewable Energy Investment and Production for Self-Consumption by Manufacturers from Form 351, Part 5, line 25c	37	00
38	Recapture Total: Add lines 33, 34, 35, 36, and 37. Enter here and on Form 140, line 47; or Form 140PY, line 60; or Form 140NR, line 57; or Form 140X, line 32	38	00
39	Subtotal: Add lines 32 and 38	39	00
40	Family Income Tax Credit from Form 140, line 49; or Form 140PY, line 62; or Form 140X, line 34	40	00
41	Subtract line 40 from line 39. Enter the difference. If less than zero, enter "zero"	41	00

Nonrefundable Tax Credits Used This Taxable Year

Enter amount of credits actually used from Part 1.

42	Enterprise Zone Credit	Form 304 ►	42	00
43	Environmental Technology Facility Credit (not to exceed 75% of line 39)	Form 305 ►	43	00
44	Military Reuse Zone Credit	Form 306 ►	44	00
45	Recycling Equipment Credit (not to exceed the lesser of 25% of line 39 or $5,000)	Form 307 ►	45	00
46	Credit for Increased Research Activities – Individuals	Form 308-I ►	46	00
47	Credit for Taxes Paid to Another State or Country	Form 309 ►	47	00
48	Credit for Solar Energy Devices	Form 310 ►	48	00
49	Agricultural Water Conservation System Credit	Form 312 ►	49	00
50	Pollution Control Credit	Form 315 ►	50	00
51	Credit for Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlets	Form 319 ►	51	00
52	Credit for Employment of TANF Recipients	Form 320 ►	52	00
53	Credit for Contributions to Qualifying Charitable Organizations	Form 321 ►	53	00
54	Credit for Contributions Made or Fees Paid to Public Schools	Form 322 ►	54	00
55	Credit for Contributions to Private School Tuition Organizations	Form 323 ►	55	00
56	Agricultural Pollution Control Equipment Credit	Form 325 ►	56	00
57	Credit for Donation of School Site	Form 331 ►	57	00
58	Credits for Healthy Forest Enterprises	Form 332 ►	58	00
59	Credit for Employing National Guard Members	Form 333 ►	59	00
60	Motion Picture Credits	Form 334 ►	60	00
61	Credit for Solar Energy Devices – Commercial and Industrial Applications	Form 336 ►	61	00
62	Credit for Investment in Qualified Small Businesses	Form 338 ►	62	00
63	Credit for Water Conservation Systems	Form 339 ►	63	00
64	Credit for Donations to the Military Family Relief Fund: Enter the smaller of Form 301, Part 1, line 23 or Part 2, line 39	Form 340 ►	64	00
65	Renewable Energy Production Tax Credit	Form 343 ►	65	00
66	Solar Liquid Fuel Credit	Form 344 ►	66	00
67	Credit for New Employment	Form 345 ►	67	00
68	Additional Credit for Increased Research Activities for Basic Research Payments	Form 346 ►	68	00
69	Credit for Qualified Health Insurance Plans	Form 347 ►	69	00
70	Credit for Contributions to Certified School Tuition Organization (for contributions that exceed the maximum allowable credit on Arizona Form 323)	Form 348 ►	70	00
71	Credit for Renewable Energy Investment and Production for Self-Consumption by Manufacturers	Form 351 ►	71	00

72	**Total Tax Credits Used:** Add lines 42 through 71. **Total cannot be more than line 41.** Enter this amount on Form 140, line 50; or Form 140PY, line 63; or Form 140NR, line 59; or Form 140X, line 35	72	00

2014 Nonrefundable Individual Tax Credits and Recapture

Arizona Form 301

Phone Numbers

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 and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

Publications and Brochures

To view or print the department's publications and brochures, go to our website and click on *Publications*.

General Instructions

You must complete and include Form 301 with your income tax return to claim nonrefundable tax credits unless you meet one of the exceptions listed under "*When Form 301 is Not Required.*" Use this form to:

- Summarize your total available nonrefundable tax credits.
- Determine the application of the available tax credits.
- Summarize your tax liability related to recapture of tax credits.
- Claim ***any*** available credit carryover.

When Form 301 is Not Required

You are not required to complete and include Form 301 to your tax return to ***only*** claim any of the following credits.

- Family Income Tax Credit (from the worksheet in your income tax form instructions)
- Property Tax Credit (Arizona Form 140PTC)
- Excise Tax Credit (from the worksheet in your income tax form instructions)
- The refundable portion of the Increased Research Activities Credit (Arizona Form 308-I);
- The Renewable Energy Industry Credit (Arizona Form 342); and/or
- The credit for Qualified Facilities (Arizona Form 349).

Line-by-Line Instructions

Enter your name and Social Security Number (SSN) as shown on Arizona Forms 140, 140PY, 140NR, or 140X.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for an individual is the taxpayer's SSN or an Internal Revenue Service (IRS) individual taxpayer identification number (ITIN). Taxpayers that fail to include their identification number may be subject to a penalty.

Part 1: Nonrefundable Individual Tax Credits Available

Complete Part 1 to determine the total amount of ***available*** nonrefundable tax credits. The available tax credit amount for a particular credit is the total of the current taxable year's credit and any unused credit carryovers available from prior taxable years.

On lines 1 through 30 complete columns (a), (b) and (c) for each of the following credits available to you this taxable year.

Line 1 - Enterprise Zone Credit

Column (a): Do not enter an amount here.
Column (b): Enter the amount from Form 304, line 7.
Column (c): Enter the amount from column (b).

Line 2 - Environmental Technology Facility Credit

Column (a): Enter the amount from Form 305, line 40.
Column (b): Enter the amount from Form 305, line 41.
Column (c): Enter the amount from Form 305, line 42.

Line 3 - Military Reuse Zone Credit

Column (a): Enter the sum of lines 41 and 42 from Form 306.
Column (b): Enter the amount from Form 306, line 43.
Column (c): Enter the amount from Form 306, line 44.

Line 4 - Recycling Equipment Credit

Column (a): Do not enter an amount here.
Column (b): Enter the amount from Form 307, line 5.
Column (c): Enter the amount from column (b).

Line 5 - Credit for Increased Research Activities - Individuals

If you are claiming a refund of 75% of current year's excess credit:

Column (a): Enter the amount from Form 308-I, line 27(c).
Column (b): Enter zero. No carry forward of any amount is allowed from the year of the refund.
Column (c): Enter the amount from column (a).

*If you are **not** claiming a refund of 75% of current year's excess credit:*

Column (a): Enter the amount from Form 308-I, line 51.
Column (b): Enter the sum of lines 52 and 53 from Form 308-I, line.
Column (c): Enter the amount from Form 308-I, line 54.

Line 6 - Credit for Taxes Paid to Another State or Country

Column (a): Enter the amount from Form 309, line 17.
Column (b): Do not enter an amount here.
Column (c): Enter the amount from column (a).

Line 7 - Credit for Solar Energy Devices

Column (a): Enter the amount from Form 310, line 16.
Column (b): Enter the amount from Form 310, line 17.
Column (c): Enter the amount from Form 310, line 18.

Line 8 - Agricultural Water Conservation System Credit

Column (a): Enter the amount from Form 312, line 21.
Column (b): Enter the amount from Form 312, line 22.
Column (c): Enter the amount from Form 312, line 23.

Line 9 - Pollution Control Credit

Column (a): Enter the amount from Form 315, line 30.
Column (b): Enter the amount from Form 315, line 31.
Column (c): Enter the amount from Form 315, line 32.

Line 10 - Credit for Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlets

Column (a): Enter the sum of lines 30 and 31 from Form 319.
Column (b): Enter the sum of lines 32 and 33 from Form 319.
Column (c): Enter the amount from Form 319, line 34.

Line 11 - Credit for Employment of TANF Recipients

Column (a): Enter the amount from Form 320, line 30.
Column (b): Enter the amount from Form 320, line 31.
Column (c): Enter the amount from Form 320, line 32.

Line 12 - Credit for Contributions to Qualifying Charitable Organizations

Column (a): Enter the amount from Form 321, line 15.
Column (b): Enter the amount from Form 321, line 16.
Column (c): Enter the amount from Form 321, line 17.

Line 13 - Credit for Contributions Made or Fees Paid to Public Schools

Column (a): Enter the amount from Form 322, line 13.
Column (b): Enter the amount from Form 322, line 14.
Column (c): Enter the amount from Form 322, line 15.

Line 14 - Credit for Contributions to Private School Tuition Organizations

Column (a): Enter the amount from Form 323, line 12.
Column (b): Enter the amount from Form 323, line 13.
Column (c): Enter the amount from Form 323, line 14.

Line 15 - Agricultural Pollution Control Equipment Credit

Column (a): Enter the amount from Form 325, line 30.
Column (b): Enter the amount from Form 325, line 31.
Column (c): Enter the amount from Form 325, line 32.

Line 16 - Credit for Donation of School Site

Column (a): Enter the amount from Form 331, line 24.
Column (b): Enter the amount from Form 331, line 25.
Column (c): Enter the amount from Form 331, line 26.

Line 17 - Credits for Healthy Forest Enterprises

Column (a): Enter the sum of lines 72 and 73 from Form 332.
Column (b): Enter the sum of lines 74 and 75 from Form 332.
Column (c): Enter the amount from Form 332, line 76.

Line 18 - Credit for Employing National Guard Members

Column (a): Enter the amount from Form 333, line 20.
Column (b): Enter the amount from Form 333, line 21.
Column (c): Enter the amount from Form 333, line 22.

Line 19 - Motion Picture Credits

Column (a): Do not enter an amount here.
Column (b): Enter the amount from Form 334, line 21.
Column (c): Enter the amount from column (b).

Line 20 - Credit for Solar Energy Devices - Commercial and Industrial Applications

Column (a): Enter the amount from Form 336, line 44.
Column (b): Enter the amount from Form 336, line 45.
Column (c): Enter the amount from Form 336, line 46.

Line 21 - Credit for Investment in Qualified Small Businesses

Column (a): Enter the amount from Form 338, line 12.
Column (b): Enter the amount from Form 338, line 13.
Column (c): Enter the amount from Form 338, line 14.

Line 22 - Credit for Water Conservation Systems

Column (a): Do not enter an amount here.
Column (b): Enter the amount from Form 339, line 4.
Column (c): Enter the amount from column (b).

Line 23 - Credit for Donations to the Military Family Relief Fund

Column (a): Enter the amount from Form 340, line 4.
Column (b): Do not enter an amount here.
Column (c): Enter the amount from column (a).

Line 24 - Renewable Energy Production Tax Credit

Column (a): Enter the amount from Form 343, line 24.
Column (b): Enter the amount from Form 343, line 25.
Column (c): Enter the amount from Form 343, line 26.

Line 25 - Solar Liquid Fuel Credit

Column (a): Enter the amount from Form 344, line 22.
Column (b): Do not enter an amount here.
Column (c): Enter the amount from column (a).

Line 26 - Credit for New Employment

Column (a): Enter the amount from Form 345, line 40.
Column (b): Enter the amount from Form 345, line 41.
Column (c): Enter the amount from Form 345, line 42.

Line 27 - Additional Credit for Increased Research Activities for Basic Research Payments

Column (a): Enter the amount from Form 346, line 29.
Column (b): Enter the amount from Form 346, line 30.
Column (c): Enter the amount from Form 346, line 31.

Line 28 - Credit for Qualified Health Insurance Plans

Column (a): Enter the amount from Form 347, line 18.
Column (b): Enter the amount from Form 347, line 19.
Column (c): Enter the amount from Form 347, line 20.

Line 29 - Credit for Contributions to Certified School Tuition Organization (for contributions that exceed the allowable credit on Arizona Form 323)

Column (a): Enter the amount from Form 348, line 16.
Column (b): Enter the amount from Form 348, line 17.
Column (c): Enter the amount from Form 348, line 18.

Line 30 - Credit for Renewable Energy Investment and Production for Self-Consumption by Manufacturers

Column (a): Enter the amount from Form 351, line 32.
Column (b): Enter the amount from Form 351, line 33.
Column (c): Enter the amount from Form 351, line 34.

Line 31 - Total Available Tax Credits

For column (c), add lines 1 through 30. Enter the total. This is the total amount of all nonrefundable tax credits, except the family income tax credit, ***available*** for your use.

Part 2: Application of Tax Credits and Recapture

Complete Part 2 to figure any recapture; and to determine which credits you will use; and the portion of the available credit amount from Part 1 that you will use for a particular tax credit.

Line 32 -

Enter the amount of tax from Form 140, line 46; or Form 140PY, line 59; or Form 140NR, line 56; or Form 140X, line 31.

Line 33 -

Enter the amount of tax from recapture of the environmental technology facility credit from Form 305, Part 5, line 23.

Line 34 -

Enter the amount of tax from recapture of the credits for healthy forest enterprises from Form 332, Part 11, line 53 and/or Part 12, line 59. If you have a recapture on both Form 332, Part 11, line 53 and Form 332, Part 12, line 59, add lines 53 and 59 and enter the total.

Line 35 -

Enter the amount of tax from recapture of the credit for renewable energy industry from Form 342, Part 5, line 17.

Line 36 -

Enter the amount of tax from recapture of the credit for qualified facilities from Form 349, Part 5, line 17.

Line 37 -

Enter the amount of tax from recapture of the credit for renewable energy investment and production for self-consumption by manufactures from Form 351, Part 5, line 25(c).

Line 38 -

Add lines 33 through 37. Enter the total here and on Form 140, line 47; or Form 140PY, line 60; or Form 140NR, line 57; or Form 140X, line 32.

Line 39 -

Add lines 32 and 38. Enter the total here.

Line 40 -

If you claimed a family income tax credit, enter the amount of family income tax credit claimed from Form 140, line 49; or Form 140PY, line 62; or Form 140X, line 34. Form 140NR filers, enter zero.

Line 41 -

Subtract line 40 from line 39. Enter the difference. **If less than zero, enter "zero."**

Nonrefundable Tax Credits Used This Taxable Year

The total amount of tax credits you use cannot exceed the amount entered on line 41. In order for you to determine which tax credit(s) to use and the amount to use for a particular tax credit, you must consider any limitations on the allowable amount of a particular tax credit and whether you may carry the unused portion of a particular tax credit forward.

Line 42 - Enterprise Zone Credit

Taxpayers can no longer establish this credit on their 2014 tax year return or any future return. You may carry the unused portion of this tax credit forward for 5 succeeding taxable years. See Form 304 for more information. Enter the amount used.

Line 43 - Environmental Technology Facility Credit

You may carry the unused portion of this tax credit forward for 15 succeeding taxable years. If the taxpayer is subject to the tax related to recapture of this tax credit for the facility, the carryover of the tax credit is reduced by the percentages listed in Form 305 instructions.

The portion of the available credit amount from Part 1, line 2, that you may use is limited to 75% of the amount of tax entered on line 39. See Form 305 for details. Enter the amount used.

Line 44 - Military Reuse Zone Credit

You may carry the unused portion of this tax credit forward for five succeeding taxable years if the business remains in the military reuse zone. You lose the carryover if the business relocates outside of the military reuse zone. See Form 306 for details. Enter the amount used.

Line 45 - Recycling Equipment Credit

The recycling equipment credit allowable to individuals has been repealed. You may not claim this credit for taxable years beginning January 1, 2003 or later. However, the repeal did not affect any credit carryover that accrued prior to the repeal. See Form 307 for details.

The portion of the available credit carryover that you may use is limited to the *lesser* of 25% of the amount of tax entered on line 39 or $5,000. Enter the amount used.

Line 46 - Credit for Increased Research Activities - Individuals

The unused portion of this tax credit may be carried forward for 15 succeeding taxable years. See Form 308-I for details. Enter the amount used.

Line 47 - Credit for Taxes Paid to Another State or Country

There is no carry forward of the unused portion of this tax credit. See Form 309 for details. Enter the amount used.

Line 48 - Credit for Solar Energy Devices

You may carry the unused portion of this credit forward for five succeeding taxable years. See Form 310 for details. Enter the amount used. Form 140NR filers, enter zero.

Line 49 - Agricultural Water Conservation System Credit

You may carry the unused portion of this tax credit forward for five succeeding taxable years. See Form 312 for details. Enter the amount used.

Line 50 - Pollution Control Credit

You may carry the unused portion of this credit forward for five succeeding taxable years. See Form 315 for details. Enter the amount used.

Line 51 - Credit for Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlets

You may carry the unused portion of this tax credit forward for five succeeding taxable years. See Form 319 for details. Enter the amount used.

Line 52 - Credit for Employment of TANF Recipients

You may carry the unused portion of this tax credit forward for five succeeding taxable years. See Form 320 for details. Enter the amount used.

Line 53 - Credit for Contributions to Qualifying Charitable Organizations

You may carry the unused portion of this tax credit forward for five succeeding taxable years. Beginning with tax year 2013, you do not have to itemize your deductions to claim this credit. See Form 321 for details. Enter the amount used.

Line 54 - Credit for Contributions Made or Fees Paid to Public Schools

You may carry the unused portion of this tax credit forward for five succeeding taxable years. See Form 322 for details. Enter the amount used.

Line 55 - Credit for Contributions to Private School Tuition Organizations

You may carry the unused portion of this tax credit forward for five succeeding taxable years. See Form 323 for details. Enter the amount used.

Line 56 - Agricultural Pollution Control Equipment Credit

You may carry the unused portion of this tax credit forward for five succeeding taxable years. See Form 325 for details. Enter the amount used.

Line 57 - Credit for Donation of School Site

You may carry the unused portion of this tax credit forward for five succeeding taxable years. See Form 331 for details. Enter the amount used.

Line 58 - Credits for Healthy Forest Enterprises

You may carry the unused portion of this tax credit forward for five succeeding taxable years. See Form 332 for details. Enter the amount used.

Line 59 - Credit for Employing National Guard Members

You may carry the unused portion of this tax credit forward for five succeeding taxable years. See Form 333 for details. Enter the amount used.

Line 60 - Motion Picture Credits

This credit has been repealed. The unused portion of this tax credit may be carried forward for up to two more succeeding taxable years. See Form 334 for details. Enter the amount used.

Line 61 - Credit for Solar Energy Devices - Commercial and Industrial Applications

You may carry the unused portion of this tax credit forward for five succeeding taxable years. See Form 336 for details. Enter the amount used.

Line 62 - Credit for Investment in Qualified Small Businesses

You may carry the unused portion of this tax credit forward for three succeeding taxable years. See Form 338 for details. Enter the amount used.

Line 63 - Credit for Water Conservation Systems

For calendar year filers, 2011 was the last year to establish a new credit for a water conservation system. Fiscal year filers with an ending date after December 31, 2011, could not establish a new credit in 2011. Carryovers will be allowed for no more than five succeeding taxable years. See Form 339 for details. Enter the amount used. Form 140NR filers, enter zero.

Line 64 - Credit for Donations to the Military Family Relief Fund

There is no carryover for this credit. You must use this credit on the tax return filed for the taxable year in which you made your donation. The amount of the credit that you may use is limited to the amount of your tax liability. See Form 340 for details. Enter the smaller of the amount entered on Form 301, Part 1, line 23 or on Form 301, Part 2, line 39.

Line 65 - Renewable Energy Production Tax Credit

You may carry the unused portion of this tax credit forward for five succeeding taxable years. See Form 343 for details. Enter the amount used.

Line 66 - Solar Liquid Fuel Credit

The unused portion of this credit may not be carry forward. See Form 344 for details. Enter the amount used.

Line 67 - Credit for New Employment

You may carry the unused portion of this tax credit forward for five succeeding taxable years. See Form 345 for details. Enter the amount used.

Line 68 - Additional Credit for Increased Research Activities for Basic Research Payments

You may carry the unused portion of this tax credit forward for five succeeding taxable years. See Form 346 for details. Enter the amount used.

Line 69 - Credit for Qualified Health Insurance Plans

You may carry the unused portion of this tax credit forward for the next three consecutive taxable years. See Form 347 for details. Enter the amount used.

Line 70 - Credit for Contributions to Certified School Tuition Organization (for contributions that exceed the allowable credit on Arizona Form 323)

You may carry the unused portion of this tax credit forward for 5 succeeding taxable years. See Form 348 for details. Enter the amount claimed.

Line 71 - Credit for Renewable Energy Investment and Production for Self-Consumption by Manufacturers

You may carry the unused portion of this tax credit forward for 5 succeeding taxable years. See Form 351 for details. Enter the amount claimed.

Line 72 - Total Tax Credits Claimed

Add lines 42 through 71 and enter the total here. **This amount cannot exceed the amount entered on line 41.** Enter the amount from this line on Form 140, line 50; or Form 140PY, line 63; or Form 140NR, line 59; or Form 140X, line 35.

Credit Carryover Worksheet

To figure how much of a credit carryover that you will have for next year, complete the following carryover worksheet.

Keep the worksheet with your records and use the information to complete your 2015 return that you will file in 2016. If you have more than four credit types available, use your own worksheet. Make sure the additional worksheet has the same information as this worksheet.

Credit Carryover Worksheet

Keep this worksheet with your records. Use this information to complete your 2015 credit forms that you will file in 2016.

	(a) Credit Type	(b) Carryover?		(c) Credit Available for 2014	(d) Credit used for 2014	(e) Carryover to 2015
	On lines 1 through 4 below, enter the types of credits available to you for 2014.	May the unused credit for the type of credit entered in column (a) be carried forward? (See the applicable credit form for information about a specific credit.) **Check either yes or no.** If the answer is no, do not complete columns (c) through (e) for that line.		On lines 1 through 4 below, enter the amount of each credit ***available*** to you for 2014. Take these amounts from Form 301, lines 1 through 30.	On lines 1 through 4 below, enter the amount of each credit ***used*** for 2014. Take these amounts from Form 301, lines 42 through 71.	For each line on which you have entered an amount, subtract the amount in column (d) from the amount in column (c). This is the amount of each credit that you may carryover to 2015, providing the credit carryover may be carried to 2015. Use this figure when completing the appropriate 2015 credit form(s).
		YES	**NO**			
1.				.00	.00	.00
2.				.00	.00	.00
3.				.00	.00	.00
4.				.00	.00	.00

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Arizona Form
304

Enterprise Zone Credit

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y.

Name as shown on Form 140, 140PY, 140NR, 140X, 120, 120A, 120S or 120X	Social Security or Employer Identification Number

Available Credit Carryover

	(a)	(b)	(c)	(d)	(e)
1 Taxable year					
2 Original credit amount	00	00	00	00	00
3 Amount previously used	00	00	00	00	00
4 Tentative carryover: Subtract line 3 from line 2	00	00	00	00	00
5 Amount unallowable: See instructions	00	00	00	00	00
6 Available carryover: Subtract line 5 from line 4	00	00	00	00	00

7 TOTAL AVAILABLE CARRYOVER: Enter the total here **7** 00

Individuals: Also enter this amount on Form 301, Part 1, line 1, column (b).

Corporations and S corporations: Also enter this amount on Form 300, Part 1, line 1, column (b).

2014 Enterprise Zone Credit

CONTACTS FOR ENTERPRISE ZONE CREDIT

Arizona Commerce Authority
Website: **www.azcommerce.com**
Program Manager (602) 845-1200

Department of Revenue
•Tax forms and instructions •Information and assistance
Website: **www.azdor.gov**
Taxpayer assistance (602) 255-3381
From area codes 520 and 928, toll-free (800) 352-4090

General Instructions

NOTE: Former Arizona Revised Statutes (A.R.S.) §§ 43-1074 and 43-1161 are repealed effective from and after June 30, 2011. Taxpayers can no longer establish credits on their tax year 2014 (or any future) return.

All enterprise zone credits properly established can be carried forward for the respective five year carry forward period.

Former A.R.S. §§ 43-1074 and 43-1161 provided nonrefundable individual and corporate income tax credits for net increases in qualified employment positions by a business located in a former enterprise zone.

Specific Instructions

Complete the name and taxpayer identification number section at the top of the form. Indicate the period covered by the taxable year. Include the completed form and all supporting documentation with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, S corporation, or a partnership is the taxpayer's employer identification number. The TIN for an individual is the taxpayer's social security number or an Internal Revenue Service individual taxpayer identification number. Taxpayers that fail to include their taxpayer identification number may be subject to a penalty.

Available Credit Carryover

The taxpayer who is utilizing the credit carryover should complete the table on the form only if its allowable enterprise zone tax credit for qualified employment positions for prior taxable years exceeded its Arizona income tax liability for those taxable years.

PARTNERSHIPS AND S CORPORATIONS THAT ELECTED TO PASS THE CREDIT THROUGH TO THEIR SHAREHOLDERS: A partnership or an S corporation that passed the credit through to its partners or shareholders must furnish each partner or shareholder with a statement indicating that the business is still located in the former enterprise zone.

Enter the taxable year(s) from which you are carrying over the credit on line 1 in columns (a) through (e). On line 2, enter the credit originally computed for that taxable year. On line 3, enter the amount of the credit from that taxable year already used. Subtract the amount on line 3 from the amount on line 2 and enter the difference on line 4.

On line 5, enter the amount of the credit that is unallowable because the business is no longer located at the location that formerly was in an enterprise zone. Subtract the amount entered on line 5 from line 4, and enter the difference on line 6.

Line 7 -

Add the amounts from columns (a) through (e) on line 6 and enter the total in column (e) on line 7. This is the total enterprise zone credit carryover available from prior taxable years.

Corporations and S corporations - enter the amount from line 7, column (e) on Form 300, Part 1, line 1, column (b).

Individuals - enter the amount from line 7, column (e) on Form 301, Part 1, line 1, column (b).

Arizona Form **305**

Environmental Technology Facility Credit

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y.

Name as shown on Form 140, 140PY, 140NR, 140X, 99T, 120, 120A, 120S, 120X, or 165	Social Security or Employer Identification Number

Certification number from the former Arizona Department of Commerce: _____

Part 1 Schedule of Cost of Equipment or Property Used in Construction of Facility for Current Year and Current Taxable Year's Credit Calculation

1 Date of facility's initial construction ..... 1 M M D D Y Y Y Y

(a) Description	(b) Cost	
		00
		00
		00
		00
		00
		00
		00
		00
		00
		00

2 Total ..... 2 | | 00

3 Current year's credit: Multiply line 2, column (b), by 10 percent (.10) ..... 3 | | 00

Part 2 Recapture of Environmental Technology Facility Credit

4 Date facility was placed in service ..... 4 M M D D Y Y Y Y

5 Date facility ceased to operate as an environmental manufacturing, producing or processing facility ..... 5 M M D D Y Y Y Y

6 Enter total credit actually claimed for the total facility ..... 6 | | 00

7 Enter percent based on the year facility ceased to operate as an environmental manufacturing, producing or processing facility ..... 7 | | %

8 Total environmental technology facility credit recapture: Multiply line 6 by line 7 ..... 8 | | 00

Continued on page 2 ➔

Name (as shown on page 1)	TIN

Part 3 S Corporation Credit Election and Shareholder's Share of Credit and Credit Recapture

9 The S corporation has made an irrevocable election for the taxable year ending M M D D Y Y Y Y to **(check only one box)**:

☐ Claim the environmental technology facility credit, as shown on Part 1, line 3, column (b) (for the taxable year mentioned above);

OR

☐ Pass the environmental technology facility credit, as shown on Part 1, line 3, column (b) (for the taxable year mentioned above) through to its shareholders.

Signature _____ Title _____ Date _____

If passing the credit through to the shareholders, complete lines 10 through 12 separately for each shareholder. If passing credit recapture through to the shareholders, also complete line 13 separately for each shareholder. Furnish each shareholder with a copy of pages 1, 2 and 3 of Form 305.

10 Name of shareholder: _____

11 Shareholder's TIN: _____

12	Shareholder's share of the current year's credit from Part 1, line 3, column (b)	**12**	00
13	Shareholder's share of credit recapture from Part 2, line 8	**13**	00

Part 4 Partner's Share of Credit and Credit Recapture

Complete lines 14 through 16 separately for each partner. If passing credit recapture through to the partners, also complete line 17 separately for each partner. Furnish each partner with a copy of pages 1, 2 and 3 of Form 305.

14 Name of partner: _____

15 Partner's TIN: _____

16	Partner's share of the current year's credit from Part 1, line 3, column (b)	**16**	00
17	Partner's share of credit recapture from Part 2, line 8	**17**	00

Part 5 Credit Recapture Summary

18 Enter the taxable year(s) in which you took a credit or credit carryover for the facility that has ceased to operate as an environmental manufacturing, producing or processing facility:

_____

19	Enter the total amount of credit originally claimed for the facility	**19**	00
20	Enter the total amount of the credit to be recaptured. • Individuals, corporations, exempt organizations with UBTI, and S corporations: Enter the amount from Part 2, line 8. • S corporation shareholders: Enter the amount from Part 3, line 13. • Partners of a partnership: Enter the amount from Part 4, line 17	**20**	00
21	Subtract line 20 from line 19 and enter the difference. This is the amount of credit allowable for the facility that has ceased to operate as an environmental manufacturing, producing or processing facility	**21**	00
22	Amount of credit on line 19 that you have claimed on prior years' returns	**22**	00
23	Subtract line 22 from line 21 and enter the difference	**23**	00

- If the difference is a positive number, that is the amount of credit carryover remaining that you may use in future taxable years. Enter this positive number in Part 6, column (d), on the line for the year in which the disqualified credit arose.
- If the difference is a negative number, that is the amount of credit you must recapture. If a negative number, enter "zero" in Part 6, column (d), on the line for the year in which the disqualified credit arose.
  - Corporations, exempt organizations with UBTI, and S corporations also enter this amount as a positive number on Form 300, Part 2, line 26.
  - Individuals, also enter this amount as a positive number on Form 301, Part 2, line 33.

Continued on page 3 ➔

Name (as shown on page 1)	TIN

Part 6 Available Credit Carryover

	(a) Taxable Year	(b) Original Credit Amount		(c) Amount Previously Used		(d) Available Carryover: Subtract column (c) from column (b).	
24			00		00		00
25			00		00		00
26			00		00		00
27			00		00		00
28			00		00		00
29			00		00		00
30			00		00		00
31			00		00		00
32			00		00		00
33			00		00		00
34			00		00		00
35			00		00		00
36			00		00		00
37			00		00		00
38			00		00		00
39	TOTAL AVAILABLE CARRYOVER: Add lines 24 through 38 in column (d)				39		00

Part 7 Total Available Credit

40 Current year's credit:
- Individuals, corporations, exempt organizations with UBTI, or S corporations: Enter the amount from Part 1, line 3, column (b).
- S corporation shareholders: Enter the amount from Part 3, line 12.
- Partners of a partnership: Enter the amount from Part 4, line 16 ..... **40** 00

Individuals: Also enter this amount on Form 301, line 2, column (a).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Form 300, line 2, column (a).

41 Available credit carryover from Part 6, line 39, column (d) **41** 00
Individuals: Also enter this amount on Form 301, line 2, column (b).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Form 300, line 2, column (b).

42 **Total available credit:** Add lines 40 and 41 ..... **42** 00
Individuals: Also enter total on Form 301, Part 1, line 2, column (c).
Corporations, exempt organizations with UBTI, and S corporations: Also enter total on Form 300, Part 1, line 2, column (c).

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2014 Environmental Technology Facility Credit

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

Phoenix	(602) 255-3381
From area codes 520 and 928, toll-free	(800) 352-4090

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

General Instructions

Arizona Revised Statutes (A.R.S.) §§ 43-1080 and 43-1169 provide a nonrefundable tax credit for expenses incurred in constructing a qualified environmental technology manufacturing, producing or processing facility as described in A.R.S. § 41-1514.02. The amount of the credit is equal to 10% of the amount spent during the taxable year to construct the facility, including land acquisition, improvements, building improvements, machinery and equipment. The credit cannot exceed 75% of the Arizona income tax liability for the taxable year as determined without applying the credit.

The former Arizona Department of Commerce identified and certified new facilities of qualified environmental technology manufacturers, producers and processors for purposes of the credit. The certification program ran through June 30, 1996. However, the certification may be assigned or transferred to one or more successor taxpayers, manufacturers, producers or processors that have acquired and continue to operate a facility that was used to meet the qualifying conditions listed below and that continues to be used predominantly for those purposes.

To qualify under A.R.S. § 41-1514.02, an environmental technology manufacturer, producer, or processor must locate or make an additional capital investment in a facility in this state that:

- Is used predominantly to do any of the following:
  a. sort, store, prepare, convert, fabricate, manufacture, or otherwise process finished products consisting of at least 90% recycled materials.
  b. prepare, fabricate, manufacture, or otherwise process finished products that are powered exclusively with solar or other specific renewable energy.
  c. prepare, fabricate, manufacture, or otherwise process raw material or intermediate product exclusively through a hydro-metallurgical process where at least 85% of the process solution used to produce the finished product is recycled on site for additional production.
  d. fabricate or manufacture finished paper products that consist of at least 80% recycled material.
- Costs, or is expected to cost, an aggregate of at least 20 million dollars of new capital investment in this state within five years after construction begins or commencement of installation of improvements.

You may claim a credit with respect to new qualifying construction within ten years after the start of the facility's initial construction. You qualify for the credit if you own or lease the facility or any component of the facility for a term of five or more years, but a credit is not allowed for any amount spent more than ten years after the start of the facility's initial construction.

You can only take the credit for items that are depreciable or amortizable assets. You have to subtract your credit from your basis in those assets. You can still take depreciation or amortization of your Arizona basis in the assets.

If the allowable tax credit exceeds 75% of the taxes otherwise due on the claimant's income, or if there are no taxes due, the amount of the credit not used to offset taxes may be carried forward for not more than fifteen taxable years as a credit against subsequent years' income tax liabilities.

Co-owners of a business, including partners in a partnership and shareholders of an S corporation, may each claim only the pro rata share of the credit allowed based on the ownership interest. The total of the credits allowed all such owners may not exceed the amount that would have been allowed for a sole owner of the business.

The credit is available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate UBTI.

Credit Recapture

If either of the following circumstances occurs with respect to a qualified environmental technology manufacturing, producing or processing facility, the tax imposed for the taxable year shall be increased by the full amount of all credits previously allowed with respect to that facility:

- The taxpayer abandons construction before the facility is placed in service.
- Before the facility is placed in service, the taxpayer changes plans so that the facility no longer qualifies as an environmental technology manufacturing, producing or processing facility under A.R.S. § 41-1514.02.

If a qualified environmental technology facility ceases to operate as an environmental manufacturing, producing or processing facility at some time during the first five years it has been in operation, you have to recapture part of the credit.

Any credit recapture will affect any carryover you may have on that credit. If you have to recapture 100% of the credit, you will have no credit carryover. If you have to recapture a portion of the credit, you have to recapture the same portion of the carryover. How to figure the recapture of a portion of your credit is discussed in the specific instructions that follow.

Specific Instructions

Complete the name and taxpayer identification number section at the top of the form. Indicate the period covered by the taxable year. Include the completed form with your tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, an exempt organization with UBTI, an S corporation, or a partnership is the taxpayer's employer identification number. The TIN for an individual is your social security number or an Internal Revenue Service individual taxpayer identification number. If you fail to include your TIN, you may be subject to a penalty.

Enter the certification number from the former Arizona Department of Commerce.

Part 1 - Schedule of Cost of Equipment or Property Used in Construction of Facility for Current Year and Current Taxable Year's Credit Calculation

Lines 1 through 3 -

Enter the date the facility's initial construction was started.

Current Year's Cost of Equipment or Property Used in Construction of Facility

In column (a), describe the expenses incurred in constructing the new qualifying environmental technology facility during the current year. Such items would include land purchased or improved, building construction initiated or improved, or equipment or machinery installed or placed in use. If additional space is needed, include a separate sheet. **In column (b)**, enter the amount of the cost.

Complete lines 2 and 3 as directed on the form.

Part 2 - Recapture of Environmental Technology Facility Credit

If the facility has been in operation for five years or more, you do not have to recapture credits you have already used to offset your tax liability. If it ceased to operate as required before five years had passed, you must recapture the credit you used by taking the total of all environmental technology facility credits you received before, and multiplying it by a percentage. The percentage depends on how long the facility had been operating as an environmental manufacturing, producing or processing facility. The recapture percentages are as follows:

How long between the time the facility was placed in service and the time it ceased to meet the credit requirements?	Recapture percentage
Less than one year	100 %
At least one year, but less than two years	80 %
At least two years, but less than three years	60 %
At least three years, but less than four years	40 %
At least four years, but less than five years	20 %

Use the appropriate percentage to complete Part II as instructed on the form.

Part 3 - S Corporation Credit Election and Shareholder's Share of Credit and Credit Recapture

The S corporation must complete this portion of Form 305 in order for the S corporation or its shareholders to claim this credit. The S corporation must make an irrevocable election either to claim the credit or to pass the credit through to its shareholders. The election statement on line 9 must be signed by one of the officers of the S corporation who is also a signatory to Arizona Form 120S.

If the S corporation elects to pass the credit through to its shareholders, it must first complete Form 305, Part 1 and then complete Part 3, lines 10 through 12, separately for each shareholder. If the S corporation has been notified of a credit recapture for a credit it passed through to its shareholders, it must also complete Part 2 and then Part 3, line 13, separately for each shareholder.

Each S corporation shareholder is entitled to only a pro rata share of pass-through credit based on ownership interest in the S corporation. The total of the credit allowed to all shareholders may not exceed the amount that would have been allowed for a sole owner.

The S corporation must give each shareholder a copy of pages 1, 2 and 3 of Form 305. Each shareholder must complete Parts 5 (if Part 5 is applicable) through 7.

Part 4 - Partner's Share of Credit and Credit Recapture

Lines 14 through 17 -

The partnership must complete Part 1. Then, complete Part 4, lines 14 through 16, separately for each partner. If the partnership has been notified of a credit recapture, it must also complete Part 2 and then Part 4, line 17, separately for each partner.

Each partner is entitled to only a pro rata share of the credit based on the partner’s ownership interest in the partnership. The total of the credit allowed to all partners may not exceed the amount that would have been allowed for a sole owner.

The partnership must furnish each partner with a copy of pages 1, 2 and 3 of Form 305. Each partner must complete Parts 5 (if Part 5 is applicable) through 7.

Part 5 - Credit Recapture Summary

Use lines 18 through 23 to determine whether you have any allowable credit remaining, even if you have to recapture some of it. Complete Part 5 as instructed on the form.

Part 6 - Available Credit Carryover

You may carry forward the amount of the unused environmental technology facility credit for a period not to exceed fifteen taxable years, provided the facility remains a qualified environmental technology manufacturing, producing or processing facility. Complete lines 24 through 39 if you claimed the credit on a prior year’s return and your credit was more than 75% of your tax.

In column (a), enter the applicable taxable year(s) on lines 24 through 38. In column (b), enter the amount of the original environmental technology facility credit for each taxable year. In column (c), enter the amount of the credit for each taxable year that has been previously used. Subtract the amount in column (c) from the amount in column (b). Enter the difference in column (d). Add the amounts entered on lines 24 through 38, column (d). Enter the total on line 39, column (d). This is the total available credit carryover.

Part 7 - Total Available Credit

Line 40 -

Enter the current year's environmental technology facility credit.

Individuals, corporations (including S corporations that elected to claim the credit), and exempt organizations with UBTI - enter the amount from Part 1, line 3, column (b).

S corporation shareholders - enter the amount from Part 3, line 12.

Partners of a partnership - enter the amount from Part 4, line 16.

Line 41 -

Enter the amount of available credit carryover from Part 6, line 39, column (d).

Line 42 -

Add lines 40 and 41. This is the total available environmental technology facility credit that may be applied to the current taxable year's tax liability. Any amount in excess of 75% of the current year’s tax liability must be carried forward to the next taxable year.

Corporations, exempt organizations with UBTI, and S corporations - enter the total here and on Form 300, Part 1, line 2, column (c).

Individuals - enter the total here and on Form 301, Part 1, line 2, column (c).

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Arizona Form **306**

Military Reuse Zone Credit

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y.

Name as shown on Form 140, 140PY, 140NR, 140X, 99T, 120, 120A, 120S, 120X, or 165	Social Security or Employer Identification Number

Part 1 Business Information

1	Business Name		
2	Business Location Address — Street		
	City	State	ZIP Code
3	Employer Identification Number		
4	Name of Military Reuse Zone		

Part 2 Net Increase in Employment

5	Average employment during the current taxable year	5	
6	Employment baseline for preceding taxable year	6	
7	Net increase in employment: Subtract line 6 from line 5	7	

Part 3 Maximum Number of New Employees

8	Dislocated military base employees. Enter the number of new employees who are dislocated military base employees	8	
9	Non-dislocated military base employees. Enter the number of new employees who are non-dislocated military base employees	9	
10	Total number of new employees. Add line 8 and line 9	10	
11	Net increase in employment. Enter the number from Part 2, line 7	11	
12	Maximum number of new employees. Enter the lesser of line 10 or line 11	12	

Part 4 Credit Calculation for Dislocated Military Base Employees

		(a) Number of Dislocated Military Base Employees	(b) Credit Allowed Per Employee	(c) Allowable Credit: Multiply column (a) by column (b).	
13	New employees in the first year of employment		$1,000		00
14	Employees in the second year of continuous employment		$1,500		00
15	Employees in the third year of continuous employment		$2,000		00
16	Employees in the fourth year of continuous employment		$2,500		00
17	Employees in the fifth year of continuous employment		$3,000		00
18	TOTAL				00

Continued on page 2 ➔

Name (as shown on page 1)	TIN

Part 5 Credit Calculation for Non-Dislocated Military Base Employees

		(a) Number of Non-Dislocated Military Base Employees	(b) Credit Allowed Per Employee	(c) Allowable Credit: Multiply column (a) by column (b).	
19	New employees in the first year of employment		$500		00
20	Employees in the second year of continuous employment		$1,000		00
21	Employees in the third year of continuous employment		$1,500		00
22	Employees in the fourth year of continuous employment		$2,000		00
23	Employees in the fifth year of continuous employment		$2,500		00
24	TOTAL				00

Part 6 S Corporation Credit Election and Shareholder's Share of Credit

25 The S corporation has made an irrevocable election for the taxable year ending M M D D Y Y Y Y to **(check only one box)**:

☐ Claim the military reuse zone credit shown on Part 4, line 18, column (c) and Part 5, line 24, column (c) (for the taxable year mentioned above);

OR

☐ Pass the military reuse zone credit shown on Part 4, line 18, column (c) and Part 5, line 24, column (c) (for the taxable year mentioned above) through to its shareholders.

Signature _____ Title _____ Date _____

If passing the credit through to the shareholders, complete lines 26 through 29 separately for each shareholder. Furnish each shareholder with a copy of pages 1, 2 and 3 of Form 306.

26 Name of shareholder: _____

27 Shareholder's TIN: _____

28	Shareholder's share of the amount on Part 4, line 18, column (c)	28	00
29	Shareholder's share of the amount on Part 5, line 24, column (c)	29	00

Part 7 Partner's Share of Credit

Complete lines 30 through 33 separately for each partner. Furnish each partner with a copy of pages 1, 2 and 3 of Form 306.

30 Name of partner: _____

31 Partner's TIN: _____

32	Partner's share of the amount on Part 4, line 18, column (c)	32	00
33	Partner's share of the amount on Part 5, line 24, column (c)	33	00

Continued on page 3 ➔

Name (as shown on page 1)	TIN

Part 8 Available Credit Carryover

		(a)	(b)	(c)	(d)	(e)
34	Taxable year					
35	Original credit amount	00	00	00	00	00
36	Amount previously used	00	00	00	00	00
37	Tentative carryover: Subtract line 36 from line 35	00	00	00	00	00
38	Amount unallowable: See instructions	00	00	00	00	00
39	Available carryover: Subtract line 38 from line 37	00	00	00	00	00

40 TOTAL AVAILABLE CARRYOVER **40** 00

Part 9 Total Available Credit

41 Current year's credit for dislocated military base employees:
- Individuals, corporations, exempt organizations with UBTI, or S corporations: Enter the amount from Part 4, line 18, column (c).
- S corporation shareholders: Enter the amount from Part 6, line 28.
- Partners of a partnership: Enter the amount from Part 7, line 32 ..... **41** 00

42 Current year's credit for non-dislocated military base employees:
- Individuals, corporations, exempt organizations with UBTI, or S corporations: Enter the amount from Part 5, line 24, column (c).
- S corporation shareholders: Enter the amount from Part 6, line 29.
- Partners of a partnership: Enter the amount from Part 7, line 33 ..... **42** 00

Individuals: Enter the sum of lines 41 and 42 (total current year credit) on Form 301, line 3, column (a).
Corporations, S corporations, and exempt organizations with UBTI: Enter the sum of lines 41 and 42 (total current year credit) on Form 300, line 3, column (a).

43 Available credit carryover from Part 8, line 40, column (e) **43** 00
Individuals: Also enter this amount on Form 301, line 3, column (b).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Form 300, line 3, column (b).

44 **Total available credit:** Add lines 41, 42 and 43 ..... **44** 00
Individuals: Also enter the total on Form 301, Part 1, line 3, column (c).
Corporations, exempt organizations with UBTI, and S corporations: Also enter the total on Form 300, Part 1, line 3, column (c).

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Name (as shown on Form 306)	TIN

Page ____ of ____

Form 306-1 **All New Dislocated Military Base Employees** **2014**

If you have more than 25 new dislocated military base employees, complete additional schedules.

	(a) Employee Name	(b) Social Security Number	(c) Date of Hire or Transfer
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

Name (as shown on Form 306)	TIN

Page ____ of ____

Form 306-2 Dislocated Military Base Employees Claimed 2014

If you are claiming more than 25 dislocated military base employees, complete additional schedules.

	(a) Employee Name	(b) Social Security Number	(c) Check the appropriate box. This employee is a:				
			1st Year Employee (c)1	2nd Year Employee (c)2	3rd Year Employee (c)3	4th Year Employee (c)4	5th Year Employee (c)5
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26 TOTAL: Add lines 1 through 25. Enter the total here..... 26							

ADOR 10133 (14)

Name (as shown on Form 306)	TIN

Page ____ of ____

Form 306-3 **All New Non-Dislocated Military Base Employees** **2014**

If you have more than 25 new non-dislocated military base employees, complete additional schedules.

	(a) Employee Name	(b) Social Security Number	(c) Date of Hire or Transfer
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

Name (as shown on Form 306)	TIN

Page ____ of ____

Form 306-4 Non-Dislocated Military Base Employees Claimed 2014

If you are claiming more than 25 non-dislocated military base employees, complete additional schedules.

	(a) Employee Name	(b) Social Security Number	(c) Check the appropriate box. This employee is a:				
			1st Year Employee (c)1	2nd Year Employee (c)2	3rd Year Employee (c)3	4th Year Employee (c)4	5th Year Employee (c)5
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26 TOTAL: Add lines 1 through 25. Enter the total here..... 26							

ADOR 10133 (14)

2014 Military Reuse Zone Credit

CONTACTS FOR MILITARY REUSE ZONE CREDIT

Arizona Commerce Authority

•Application forms •Military Reuse Zone program guidelines

website: **www.azcommerce.com**

Program Manager (602) 845-1200

Department of Revenue

•Tax forms and instructions •Information and assistance

website: **www.azdor.gov**

Taxpayer assistance (602) 255-3381
From area codes 520 and 928, toll-free (800) 352-4090

General Instructions

Arizona Revised Statutes (A.R.S.) §§ 43-1079 and 43-1167 provide nonrefundable individual and corporate income tax credits for net increases in employment of full-time employees by a taxpayer in a military reuse zone, established under Title 41, chapter 10, article 3, of the Arizona Revised Statutes. These employees must be engaged primarily in providing aviation or aerospace services, or in manufacturing, assembling, or fabricating aviation or aerospace products.

There are two military reuse zones. The first, Williams Gateway Airport, was established on August 2, 1996. There is no available credit or carryforward before that date. The current zone designation expires in October 2016.

The second military reuse zone, Phoenix/Goodyear Airport, was established on December 10, 2002. There is no available credit or carryforward before that date. The current zone designation expires in December 2017.

A taxpayer that owns or leases income producing property located in a military reuse zone is eligible for the military reuse zone tax credit according to the terms and conditions prescribed by A.R.S. §§ 43-1079 or 43-1167. To qualify for the tax incentive the taxpayer shall:

- Agree with the Arizona Commerce Authority (Commerce) in writing to furnish information relating to the amount of tax benefits the taxpayer receives for each taxable year in which the taxpayer claims the credit. If the taxpayer fails to provide the required information, Commerce shall immediately revoke the taxpayer's qualification and notify the Arizona Department of Revenue (Revenue).
- Enter into a memorandum of understanding with this state through Commerce containing employment goals. Each year in which the taxpayer claims the credit the taxpayer shall report in writing to Commerce its performance in achieving the goals. The memorandum shall contain provisions that allow:
  a. Commerce to stop, readjust, or recapture all or part of the tax incentives provided to the taxpayer on noncompliance with the terms of the memorandum;
  b. Commerce to notify Revenue of the conditions of noncompliance; and
  c. Revenue to require the taxpayer to file appropriate amended tax returns reflecting the recapture of the tax credit.

The net increase in the number of employees shall be determined by comparing the taxpayer's average employment in the military reuse zone during the taxable year with the taxpayer's previous year's fourth quarter employment in the zone, based on the taxpayer's report to the Arizona Department of Economic Security for unemployment insurance purposes, but considering only employment in the zone.

A credit is not allowed with respect to an employee whose place of employment is relocated by the taxpayer from a location in this state to the military reuse zone, unless the employee is engaged in providing aviation or aerospace services, or in manufacturing, assembling, or fabricating aviation or aerospace products, and the taxpayer maintains at least the same number of employees in this state but outside the zone.

The military reuse zone credit is in lieu of the following credits, with respect to the same employees:

- The credit for new employment, under A.R.S. §§ 43-1074 or 43-1161 (claimed on Arizona Form 345);
- The employment credit for healthy forest enterprises, under A.R.S. §§ 43-1076 or 43-1162 (claimed on Arizona Form 332); and
- The credit for renewable energy industry, under A.R.S. §§ 43-1083.01 or 43-1164.01 (claimed on Arizona Form 342).

The amount of the credit is a dollar amount allowed for each new full-time employee. The amount per employee differs depending on whether the employee is a dislocated military base employee or another type of full-time military base employee. A "dislocated military base employee" means a civilian who previously had permanent full-time civilian employment on the military facility, at the date the closure of the facility was finally determined under federal law, as certified by Commerce. The credit amount per employee is as follows:

Year of employment	Amount of credit allowed per employee	
	Dislocated Employee	Non-dislocated Employee
1st	$1,000	$ 500
2nd	$1,500	$1,000
3rd	$2,000	$1,500
4th	$2,500	$2,000
5th	$3,000	$2,500

If the allowable tax credit exceeds the taxes otherwise due, or if there are no taxes due, the amount of the claim not used to offset the taxes may be carried forward as a credit against the five subsequent years' income tax liabilities, if the business remains in the military reuse zone.

Co-owners of a business, including partners in a partnership and shareholders of an S corporation, may each claim only a pro rata share of the allowable credit based on the ownership

interest. The total of the credits allowed all owners may not exceed the amount that would have been allowed for a sole owner of the business.

The credit is available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate UBTI.

Aggregate summary: This is a single Form 306 that combines the results of multiple business locations in a military reuse zone or zones. Taxpayers having multiple business locations must first complete separate Forms 306, 306-1, 306-2, 306-3, and 306-4 for each business location, whether those locations are in the same military reuse zone or multiple military reuse zones. Then, complete an aggregate summary of Form 306. Do not complete aggregate summaries of Forms 306-1 through 306-4.

Taxpayers do NOT need to complete the following portions of an aggregate summary of Form 306:

- Part 1 - Business Information
- Part 2 - Net Increase in Employment
- Part 3 - Lines 8 through 11 (line 12 must still be completed)

Specific Instructions

Complete the name and taxpayer identification number section at the top of the form. Indicate the period covered by the taxable year. Include the completed form with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, an exempt organization with UBTI, an S corporation, or a partnership is the taxpayer's employer identification number. The TIN for an individual is the taxpayer's social security number or an Internal Revenue Service individual taxpayer identification number. Taxpayers that fail to include their TIN may be subject to a penalty.

Part 1 - Business Information

Lines 1 through 4 -

On lines 1 through 3, enter the business's name, its actual location in the zone (may not be its mailing address), and employer identification number. On line 4, enter the name of the military reuse zone in which the business is located.

NOTE: If there is more than one location in a military reuse zone, include a schedule listing the name, location address, employer identification number, and zone of each location.

Part 2 - Net Increase in Employment

The military reuse zone credit is based on net increases in employment of full-time employees working in a military reuse zone. Whether there has been a net increase in employment is determined by comparing the average employment in the zone during the current taxable year with the prior year's fourth quarter employment in the zone. The prior year figure must be based on the employer's unemployment insurance report to the Arizona Department of Economic Security, limited to employment in the zone.

Line 5 -

Enter the average employment in the military reuse zone for the current taxable year. Complete the worksheet below to determine the average employment during the current taxable year.

On lines 1 through 12 below, enter the number of employees employed at the end of each month by the business located in the military reuse zone.

Average Full-Time Employment Worksheet

		Line 5 Column – Current Taxable Year
1	January	
2	February	
3	March	
4	April	
5	May	
6	June	
7	July	
8	August	
9	September	
10	October	
11	November	
12	December	
13	Total – *Add lines 1 through 12.*	
14	Total number of months during the taxable year in which the employer was in business.	
15	Average – *Divide the amount on line 13 by the amount on line 14.*	

Line 6 -

Enter the previous year's fourth quarter employment. A newly established business in a military reuse zone that did not have any employment within the zone during the fourth quarter of the immediately preceding taxable year would enter zero.

An established business already located in an area that subsequently becomes a designated military reuse zone could have employment in the zone during the fourth quarter of the immediately preceding taxable year. This employer would enter their previous year's fourth quarter employment in the zone only, based on their report to the Arizona Department of Economic Security for unemployment tax purposes.

Line 7 -

Subtract the amount on line 6 from the amount on line 5. If this amount is less than one, enter zero. If this amount contains a decimal, round down to the next whole number. This is the net increase in employment.

Part 3 - Maximum Number of New Employees

Lines 8 through 12 and Form 306-1 and Form 306-3

The maximum number of new employees for which the business may claim the military reuse zone credit is limited to the lesser of the total number of new employees or the net increase in employment. Complete Form 306-1 listing each dislocated military base employee in the first year of employment in the military reuse zone. Complete Form 306-3 listing each non-dislocated military base employee in the first year of employment in the military reuse zone.

Line 8 -

Enter the total number of new employees employed in the zone who are dislocated military base employees from the Form(s) 306-1.

Line 9 -

Enter the total number of new employees employed in the zone who are non-dislocated military base employees from the Form(s) 306-3.

Line 10 -

Add line 8 and line 9 and enter the total.

Line 11 -

Enter the net increase in employment from Part 2, line 7.

Line 12 -

Enter the lesser of line 10 or line 11. This is the maximum number of new employees for which the business may claim the military reuse zone credit.

Part 4 - Credit Calculation for Dislocated Military Base Employees

Before completing lines 13 through 18, complete the Form 306-2 listing each dislocated military base employee for whom the business is claiming a credit.

Arizona's statutes do not require that the dislocated military base employee who is claimed in a subsequent year of continuous employment be the same dislocated military base employee who was claimed in prior years of employment. Therefore, if one of the originally claimed new dislocated military base employees leaves employment after the first year, the business can claim subsequent years' credits for another dislocated military base employee. The substitute employee must be in the same year of employment as the departed employee.

Lines 13 through 17 -

Column (a) -

Refer to the total numbers of employees shown in the columns of Form 306-2 to complete column (a) of Part 4. The maximum number of dislocated military base employees entered on line 13, column (a) cannot exceed the maximum number of new employees entered on Part 3, line 12. If the business is claiming the military reuse zone credit for dislocated military base employees and non-dislocated military base employees, the total number of employees claimed in both categories cannot exceed the maximum number of new employees from Part 3, line 12.

The number of dislocated military base employees claimed in each year can never exceed the number of employees for which a credit was claimed in the immediately preceding tax year.

Column (c) -

Multiply the numbers shown on lines 13 through 17, column (a) by the amounts shown in column (b). Enter each result in column (c).

Line 18 -

Add the numbers on lines 13 through 17, in column (a). Enter the total on line 18 in column (a). The number shown on line 18, column (a), is the total number of dislocated military base employees for which the business is claiming the military reuse zone credit.

Add the amounts on lines 13 through 17 in column (c). Enter the total on line 18 in column (c). The amount shown on line 18, column (c) is the total allowable military reuse zone credit for dislocated military base employees for the current taxable year.

Part 5 - Credit Calculation for Non-Dislocated Military Base Employees

Before completing lines 19 through 24, complete the Form 306-4 listing each non-dislocated military base employee for whom the business is claiming a credit.

Lines 19 through 23 -

Column (a) -

Refer to the total numbers of employees shown in the columns of Form 306-4 to complete column (a) of Part 5. The maximum number of non-dislocated military base employees entered on line 19, column (a), cannot exceed the maximum number of new employees entered on Part 3, line 12. If the business is claiming the military reuse zone credit for dislocated military base employees and non-dislocated military base employees, the total number of employees claimed in both categories cannot exceed the maximum number of new employees from Part 3, line 12.

The number of non-dislocated military base employees claimed in each year can never exceed the number of non-dislocated military base employees for which a credit was claimed in the immediately preceding tax year.

Column (c) -

Multiply the numbers shown on lines 19 through 23, column (a) by the amounts shown in column (b). Enter each result in column (c).

Line 24 -

Add the numbers on lines 19 through 23, in column (a). Enter the total on line 24 in column (a). The number shown on line 24, column (a), is the total number of non-dislocated military base employees for which the business is claiming the military reuse zone credit.

Add the amounts on lines 19 through 23 in column (c). Enter the total on line 24 in column (c). The amount shown on line 24, column (c) is the total allowable military reuse zone credit for non-dislocated military base employees for the current taxable year.

Part 6 - S Corporation Credit Election and Shareholder's Share of Credit

Line 25 -

This portion of Form 306 must be completed by all S corporations in order for the S corporation or its shareholders to claim the military reuse zone credit. The S corporation must make an irrevocable election either to claim the credit or to pass the credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to Arizona Form 120S. If the S corporation elects to claim the credit itself, it can skip lines 26 through 29 and complete Parts 8 and 9.

Lines 26 through 29 -

If the S corporation elects to pass the credit through to its shareholders, it must complete lines 26 through 29 separately for each shareholder.

Each S corporation shareholder is entitled to only a pro rata share of pass-through credit based on ownership interest in the S corporation. The total of the credit allowed to all shareholders may not exceed the amount that would have been allowed for a sole owner.

The S corporation must furnish each shareholder with a copy of pages 1, 2 and 3 of Form 306. Each shareholder must complete Parts 8 and 9.

NOTE: Taxpayers who are partners or shareholders in multiple entities operating in military reuse zones must complete a schedule detailing the amount of the credit passed through from each partnership or S corporation, and include the schedule with their tax returns.

Part 7 - Partner's Share of Credit

Lines 30 through 33 -

Complete Part 7, lines 30 through 33, separately for each partner.

Each partner is entitled to only a pro rata share of the credit based on the partner’s ownership interest in the partnership. The total of the credit allowed to all partners may not exceed the amount that would have been allowed for a sole owner.

The partnership must furnish each partner with a copy of pages 1, 2 and 3 of Form 306. Each partner must complete Parts 8 and 9.

NOTE: Taxpayers who are partners or shareholders in multiple entities operating in military reuse zones must complete a schedule detailing the amount of the credit passed through from each partnership or S corporation, and include the schedule with their tax returns.

Part 8 - Available Credit Carryover

Lines 34 through 40 -

Use Part 8 to figure the total available credit carryover. Complete lines 34 through 40 if you claimed the credit on a prior year return and the credit was more than your tax.

Provided it maintains its businesses in the military reuse zone, a taxpayer may carry forward the amount of the unused military reuse zone credit for a period not to exceed five taxable years. However, if the taxpayer moves its business outside of the military reuse zone or the military reuse zone is terminated, the carryover of the tax credit is lost. If a portion of its business is moved outside of the military reuse zone, the portion of the carryforward attributable to that portion of the business is lost.

Enter the taxable year(s) from which you are carrying over the credit on line 34 in columns (a) through (e). On line 35, enter the credit originally computed for that taxable year. On line 36, enter the amount of the credit from that taxable year already used. Subtract the amount on line 36 from the amount on line 35 and enter the result on line 37. On line 38, enter the amount of credit that is unallowable because the business is no longer located in the military reuse zone or the zone has been terminated. Subtract the amount entered on line 38 from line 37, and enter the result on line 39.

Add the amounts in columns (a) through (e) on line 39. Enter the total in column (f) on line 40. This is the total military reuse zone credit carryover for the current taxable year.

Part 9 - Total Available Credit

Line 41 -

Individuals, corporations (including S corporations that elected to claim the credit), and exempt organizations with UBTI - enter the current year's credit for dislocated military base employees from Part 4, line 18, column (c).

S corporation shareholders - enter the amount from Part 6, line 28.

Partners of a partnership - enter the amount from Part 7, line 32.

Line 42 -

Individuals, corporations (including S corporations that elected to claim the credit), and exempt organizations with UBTI - enter the current year's credit for non-dislocated military base employees from Part 5, line 24, column (c).

S corporation shareholders - enter the amount from Part 6, line 29.

Partners of a partnership - enter the amount from Part 7, line 33.

Line 43 -

Enter the amount from Part 8, line 40, column (f). This is the total available credit carryover.

Line 44 -

Add lines 41, 42, and 43. This is the total available military reuse zone credit that may be applied to the current taxable year's tax liability.

Corporations, exempt organizations with UBTI and S corporations - enter the total here and on Form 300, Part 1, line 3.

Individuals - enter the total here and on Form 301, Part 1, line 3.

Arizona Form **307** | **Recycling Equipment Credit** | **2014**

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Your Name as shown on Form 140, 140PY, 140NR, 140X	Your Social Security Number
Spouse's Name as shown on Form 140, 140PY, 140NR, 140X (if a joint return)	Spouse's Social Security Number

Individual Taxpayers

Laws 2003, Ch. 122, §§ 6 and 11, repealed the individual tax credit (A.R.S. § 43-1076) effective for taxable years beginning from and after December 31, 2002. Individual taxpayers, including individual partners of a partnership, no longer qualify for the recycling equipment credit. A partnership cannot pass the credit through to its individual partners.

However, Laws 2003, Ch. 122, § 10, provides that individual taxpayers may claim carryovers of unused tax credits from taxable years beginning prior to January 1, 2003 for the succeeding 15 taxable years after the unused credit year. You cannot carryover any unused credit related to recycling equipment that had ceased to be recycling equipment or was transferred to another person. ***See instructions for additional information.***

Available Credit Carryover

	(a) Taxable Year from which you are carrying the credit	(b) Original Credit Amount	(c) Amount Previously Used	(d) Tentative Carryover Amount	(e) Amount Unallowable (See instructions)	(f) Available Carryover Subtract column (e) from column (d).
1	1999	00	00	00	00	00
2	2000	00	00	00	00	00
3	2001	00	00	00	00	00
4	2002	00	00	00	00	00
5	TOTAL AVAILABLE CARRYOVER: Add the amounts on lines 1 through 4 in column (f). Enter the total on line 5, column (f) *and* on Arizona Form 301, Part 1, line 4, column (b)					00

2014 Recycling Equipment Credit

Phone Numbers

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 and click on *Legal Research* then click on *Procedures* or *Rulings* and select tax a type from the drop down menu.

Publications and Brochures

To view or print the department's publications and brochures, go to our website and click on *Publications*.

General Instructions

The recycling equipment credit for an individual was repealed effective for taxable years beginning from and after December 31, 2002. Individuals cannot claim any *new* credits. A partnership cannot generate and pass a new credit through to its individual partners.

Individuals can continue to carry the credit forward, if the credits were claimed in taxable years beginning prior to January 1, 2003.

The portion of the unused credit carryovers relating to that recycling equipment is lost if either of the following apply.

- If the recycling equipment ceases to be recycling equipment; or
- Is transferred to another person.

The portion of the total available credit carryover that may be claimed by the individual taxpayer is limited to the *smaller* of the following amounts.

- 25% of the amount of tax entered on Arizona Form 301, Part 2, line 39; or
- $5,000.

Line-by-Line Instructions

Complete the name and social security number (SSN) section at the top of the form. Indicate the period covered by the taxable year. Include the completed form with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for an individual is the taxpayer's SSN or an Internal Revenue Service (IRS) individual taxpayer identification number (ITIN). Taxpayers that fail to include their identification number may be subject to a penalty.

Available Credit Carryover

Lines 1 through 5

Use lines 1 through 5 to figure your total available credit carryover from taxable years 1999 through 2002. Complete these lines if you claimed the credit on a tax return for taxable years beginning before January 1, 2003, and your credit was more than your tax.

- In column (b), enter the credit originally computed for that taxable year listed in column (a).
- In column (c), enter the amount of the credit from that taxable year which you have already used.
- Subtract the amount in column (c) from column (b) and enter the difference in column (d).
- In column (e), enter the amount of the carryover that is unallowable because the recycling equipment ceased to be recycling equipment or the credit was transferred to another person.
- Subtract the amount in column (e) from the amount in column (d) and enter the difference in column (f).
- Add the amounts entered on lines 1 through 4 in column (d). Enter the total on line 5, column (d).

Enter the total from line 5, column (d), on Arizona Form 301, Part 1, line 4, column (b).

Arizona Form **308**

Credit for Increased Research Activities

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y.

Name as shown on Form 99T, 120, 120A, 120S, 120X or 165	Employer Identification Number

Part 1 Qualification for Refund of Current Taxable Year's Excess Credit

1	Did you receive a "Certificate of Qualification" from the Arizona Commerce Authority? ☐ Yes ☐ No If "Yes", include a copy of the Certificate. If "No", skip line 2.		
2	Enter the maximum refund amount on the Certificate from the Arizona Commerce Authority for this taxable year	2	00
3	Did an entity from which you are claiming a pass through credit for increased research activities receive a "Certificate of Qualification" from the Arizona Commerce Authority? ☐ Yes ☐ No If "Yes", include a copy of the Certificate. If "No", skip line 4 and line 5.		
4	Enter the name of the entity that received the Certificate from the Arizona Commerce Authority and its employer identification number. Be sure to include a copy of the Certificate. Name: EIN:		
5	Enter your share of the maximum refund amount for this taxable year: See instructions	5	00

Part 2 Current Taxable Year's Credit Calculation

6	Basic research payments paid or incurred to qualified organizations: See instructions.	6	00		
7	Qualified organization base period amount	7	00		
8	Subtract line 7 from line 6. If less than zero, enter zero			8	00
9	Wages for qualified services (do not include wages used in figuring the federal work opportunity credit)	9	00		
10	Cost of supplies	10	00		
11	Rental or lease cost of computers	11	00		
12	Contract research expenses: See instructions	12	00		
13	Total research expenses: Add lines 9 through 12. Enter the total	13	00		
14	Research expenses included on lines 9 through 12 related to solar liquid fuel that will be claimed on Arizona Form 344	14	00		
15	Total qualified research expenses: Subtract line 14 from line 13			15	00
16	Average annual Arizona gross receipts: See instructions	16	00		
17	Fixed-base percentage (not more than 16% (.1600)): See instructions	17	.		
18	Base amount: Multiply line 16 by the percentage on line 17. Enter the result			18	00
19	Subtract line 18 from line 15. If less than zero, enter zero			19	00
20	Multiply line 15 by 50% (.50). Enter the result			20	00
21	Enter the lesser of line 19 or line 20			21	00
22	Add lines 8 and 21. Enter the total			22	00

- **If line 22 is $2,500,000 or less, complete line 23 and skip lines 24 through 26.**
- **If line 22 is more than $2,500,000, skip line 23 and complete lines 24 through 26.**

23	Multiply line 22 by 24% (.24). Enter the result			23	00
24	Subtract $2,500,000 from line 22. Enter the difference	24	00		
25	Multiply line 24 by 15% (.15). Enter the result	25	00		
26	Add $600,000 to line 25. Enter the total			26	00
27	Enter the amount from line 23 or 26 here			27	00

Part 3 Current Taxable Year's Credit Passed Through From S Corporations and Partnerships

28	Total amount of credit passed through from S corporations and partnerships: Enter the aggregate amount of the credit for increased research activities from all Form(s) 308 received from S corporations and partnerships. Include copies of any Form(s) 308 to your tax return	28	00
29	**Total Credit:** Add line 27 and line 28. Enter the total. **This is your current year's total credit for increased research activities**	29	00

Continued on page 2 ➔

Name (as shown on page 1)	EIN

Part 4 S Corporation Credit Election and Shareholder's Share of Credit

30 The S corporation has made an irrevocable election for the taxable year ending M M D D Y Y Y Y to **(check only one box)**:

☐ Claim the credit for increased research activities as shown on Part 3, line 29 (for the taxable year mentioned above);

OR

☐ Pass the credit for increased research activities as shown on Part 3, line 29 (for the taxable year mentioned above) through to its shareholders.

Signature _____ Title _____ Date _____

If passing the credit through to the shareholders, complete lines 31 through 33 separately for each shareholder. Also complete line 34 and line 35 separately for each shareholder, if applicable. Provide a copy of the Certificate to each shareholder. Furnish each shareholder with a copy of pages 1 through 4 of Form 308.

31 Name of shareholder: _____

32 Shareholder's TIN: _____

33	Shareholder's share of the amount on Part 3, line 29	**33**	00
34	Shareholder's share of the amount on Part 1, line 2	**34**	00
35	Shareholder's share of the amount on Part 1, line 5	**35**	00

Part 5 Partner's Share of Credit

Complete lines 36 through 38 separately for each partner. Also complete line 39 and line 40 separately for each partner, if applicable. Provide a copy of the Certificate to each partner. Furnish each partner with a copy of pages 1 through 4 of Form 308.

36 Name of partner: _____

37 Partner's TIN: _____

38	Partner's share of the amount on Part 3, line 29	**38**	00
39	Partner's share of the amount on Part 1, line 2	**39**	00
40	Partner's share of the amount on Part 1, line 5	**40**	00

Part 6 Refundable Portion of the Current Taxable Year's Excess Credit

Only complete Part 6 if the "Yes" box on Part 1, line 1 or Part 1, line 3 is checked.

41 Current taxable year's credit:
- Corporations, exempt organizations with UBTI, or S corporations: Enter the amount from Part 3, line 29.
- Exempt organizations with UBTI that are S corporation shareholders: Enter the amount from Part 4, line 33.
- Corporate partners of a partnership or exempt organizations with UBTI that are partners of a partnership: Enter the amount from Part 5, line 38 ..... **41** 00

42a Enter the current year's tax, including recapture, from Form 99T, line 8; or Form 120, line 18; or Form 120A, line 10; or Form 120S, line 14; or Form 120X, line 18(c) **42a** 00

42b Nonrefundable tax credits: Enter the amount of nonrefundable tax credits from Form 300. Exclude the credit or carryover for increased research activities **42b** 00

42c Current taxable year's credit for increased research activities that will be used to offset the current taxable year's tax liability: Subtract line 42b from line 42a and enter the difference. If the difference is zero or more, enter it on Part 11, line 66; also enter it on Form 300, Part 1, line 4, column (a), and Form 300, Part 2, line 36. If less than zero, enter zero **42c** 00

43 Current taxable year's excess credit: Subtract line 42c from line 41 and enter the difference. If less than zero, enter zero, because no refund is available **43** 00

44 Tentative refundable credit: Multiply line 43 by 75% (.75). Enter the result **44** 00

45 Maximum refundable credit: See instructions **45** 00

46 **Refundable Credit:** Enter the lesser of line 44 or line 45. Also enter this amount on Form 99T, line 12; or Form 120, line 22; or Form 120A, line 14; or Form 120S, line 18; or Form 120X, line 22 ..... **46** 00

Complete Part 7 and Part 8 if you have carryovers from prior years. Skip Part 9 and Part 10.

Name (as shown on page 1)	EIN

If you elect to receive a refund of 75% of the excess credit, you CANNOT carry forward any amount from the year of the refund.

Part 7 Available Pre-2003 Credit Carryover

	(a) Taxable Year	(b) Original Credit Amount	(c) Amount Previously Used or Expired	(d) Available Carryover: Subtract column (c) from column (b).
47		00	00	00
48		00	00	00
49		00	00	00
50		00	00	00
51	TOTAL AVAILABLE PRE-2003 CARRYOVER: Add lines 47 through 50 in column (d)		51	00

Part 8 Available Post-2002 Credit Carryover

	(a) Taxable Year	(b) Original Credit Amount	(c) Amount Previously Used or Expired	(d) Available Carryover: Subtract column (c) from column (b).
52		00	00	00
53		00	00	00
54		00	00	00
55		00	00	00
56		00	00	00
57		00	00	00
58		00	00	00
59		00	00	00
60		00	00	00
61		00	00	00
62		00	00	00
63	TOTAL AVAILABLE POST-2002 CARRYOVER: Add lines 52 through 62 in column (d)		63	00

Part 9 Limitation of Pre-2003 Credit Carryover

If you completed Part 6 and are receiving a refund, do not complete Part 9.

If you have credit carryovers from tax years 2002 and before, complete this section. If you do not, skip this section and go directly to Part 10. The amount of credit carryover from years 2002 and before that you can use is limited. Complete this schedule to determine how much of this carryover you can use to offset this year's tax liability.

64a	Current year's tax liability: Enter the amount from Form 300, line 32	64a	00
64b	Compare line 64a with $500,000. Enter the lesser amount	64b	00
64c	Current taxable year's credit: • Corporations, exempt organizations with UBTI, or S corporations: Enter the amount from Part 3, line 29. • Exempt organizations with UBTI that are S corporation shareholders: Enter the amount from Part 4, line 33. • Corporate partners of a partnership or exempt organizations with UBTI that are partners of a partnership: Enter the amount from Part 5, line 38	64c	00
64d	Subtract line 64c from line 64b. If the difference is zero or less, enter zero. This is the amount of this year's tax liability to which you may apply your pre-2003 carryovers	64d	00
64e	Enter the total of your pre-2003 credit carryovers from Part 7, line 51, column (d)	64e	00
64f	Compare lines 64d and 64e and enter the lesser amount here. This is the amount of pre-2003 credit carryovers you can use to offset this year's tax liability	64f	00

Continued on page 4 ➔

Name (as shown on page 1)	EIN

Part 10 Limitation of Post-2002 Credit Carryover

If you completed Part 6 and are receiving a refund, do not complete Part 10.

If you have credit carryovers from tax years 2003 and after, complete this section. If you do not, skip this section and go directly to Part 11. The amount of credit carryover from years 2003 and after that you can use is limited. Complete this schedule to determine how much of this carryover you may be able to use to offset this year's tax liability.

65a Current year's tax liability: Enter the amount from Form 300, line 32 ..... **65a** 00

65b Current taxable year's credit:
- Corporations, exempt organizations with UBTI, or S corporations: Enter the amount from Part 3, line 29.
- Exempt organizations with UBTI that are S corporation shareholders: Enter the amount from Part 4, line 33.
- Corporate partners of a partnership or exempt organizations with UBTI that are partners of a partnership: Enter the amount from Part 5, line 38 ..... **65b** 00

65c Subtract line 65b from line 65a: If the difference is zero or less, enter zero. This is the amount of this year's tax liability to which you may apply your post-2002 carryovers **65c** 00

65d Enter the total of your post-2002 credit carryovers from Part 8, line 63, column (d) **65d** 00

65e Compare lines 65c and 65d and enter the lesser amount here. This is the amount of post-2002 credit carryovers you can use to offset this year's tax liability **65e** 00

Part 11 Total Available Nonrefundable Credit

66 Current year's credit: If you completed Part 6 and are receiving a refund, enter the amount from Part 6, line 42c.
- Corporations, exempt organizations with UBTI, or S corporations not receiving a refund: Enter the amount from Part 3, line 29.
- Exempt organizations with UBTI that are S corporation shareholders not receiving a refund: Enter the amount from Part 4, line 33.
- Corporate partners of a partnership or exempt organizations with UBTI that are partners of a partnership not receiving a refund: Enter the amount from Part 5, line 38 ..... **66** 00

Also enter this amount on Form 300, line 4, column (a).

67 If you completed Part 6 and are receiving a refund, enter zero. Otherwise, enter the pre-2003 carryover from Part 9, line 64f **67** 00

68 If you completed Part 6 and are receiving a refund, enter zero. Otherwise, enter the post-2002 carryover from Part 10, line 65e **68** 00

Also enter the sum of lines 67 and 68 (total carryover) on Form 300, line 4, column (b).

69 **Total available credit:** Add lines 66, 67, and 68 ..... **69** 00

Also enter this amount on Form 300, line 4, column (c).

2014 Credit for Increased Research Activities

CONTACTS FOR REFUND OF CREDIT FOR INCREASED RESEARCH ACTIVITIES

Arizona Commerce Authority

•Application forms •Program guidelines

Website: **www.azcommerce.com**

Program Manager (602) 845-1200

CONTACTS FOR NONREFUNDABLE CREDIT FOR INCREASED RESEARCH ACTIVITIES

Arizona Department of Revenue

•Tax forms and instructions •Information and assistance

Website: **www.azdor.gov**

Taxpayer assistance (602) 255-3381
From area codes 520 and 928, toll-free (800) 352-4090

General Instructions

NOTE: THE 2014 FORM 308 IS USED BY TAXPAYERS THAT ARE CORPORATIONS, EXEMPT ORGANIZATIONS WITH UNRELATED BUSINESS TAXABLE INCOME (UBTI), S CORPORATIONS OR PARTNERSHIPS. INDIVIDUAL TAXPAYERS MUST USE THE 2014 FORM 308-I.

Arizona Revised Statutes (A.R.S.) § 43-1168 provides a corporate income tax credit for increased research activities in a taxable year; a portion of the current year's excess credit may be refundable to qualified taxpayers.

The credit for increased research activities is in lieu of the solar liquid fuel credit, provided by A.R.S. § 43-1164.02 (claimed on Arizona Form 344), with respect to the same expenses.

The Arizona corporate tax credit is allowed in an amount computed pursuant to Internal Revenue Code (IRC) § 41 with the following exceptions:

- Qualified research includes only research conducted in Arizona. The term "qualified research," for purposes of the Arizona tax credit, means qualified research, as defined in IRC § 41, that is conducted in Arizona and basic research, as defined in IRC § 41, which is conducted in Arizona.
- The amount of the credit is based on the federal regular credit computation method for Arizona qualified research expenses and Arizona basic research payments. Taxpayers CANNOT use the federal alternative credit computation method. The allowable current taxable year credit is a percentage of (a) the excess, if any, of the Arizona qualified research expenses for the taxable year, over the base amount; and (b) the Arizona basic research payments.

  For 2014, if the allowable expenses do not exceed $2,500,000, the allowable credit is 24% of this amount. If the allowable expenses exceed $2,500,000, the allowable credit amount is $600,000 plus 15% of the amount of expenses over $2,500,000, subject to certain limitations.
- If two or more taxpayers, including shareholders of an S corporation and partners in a partnership, share in the eligible expenses, each taxpayer is eligible to receive a proportionate share of the credit.
- The termination provisions of IRC § 41 do not apply.

CORPORATE TAXPAYERS: If two or more members of a unitary group or an Arizona affiliated group incur qualifying expenses, the individual members of the group are not considered separate taxpayers. When a combined return or a consolidated return is filed, the unitary group or the Arizona affiliated group is considered a single taxpayer.

The credit is available to an exempt organization that is subject to corporate income tax on UBTI. The credit must result from the activities that generate UBTI.

REFUND OF 75% OF CURRENT YEAR'S EXCESS CREDIT

If the current taxable year's credit for increased research activities exceeds your income tax liability for the taxable year, a portion of the excess credit may be refundable, if you qualify.

The amount of credit that is refundable is limited to 75% of the excess credit. The excess credit is the current year's credit less the current year's tax liability. The 75% refund is only available for the current year's excess credit for increased research activities. Once the taxpayer files a return with the department, the excess credit for increased research activities is carried forward; therefore, the taxpayer may not claim a refund for that taxable year.

NOTE: *Because the refund is calculated after tax liability, it is necessary that you calculate all of your other credits before you can determine the current year's excess credit amount.*

Taxpayers must apply to the Arizona Commerce Authority (Commerce) and receive a Certificate of Qualification (Certificate) to receive a refund. Taxpayers must have less than 150 full-time employees to qualify. The refund is the lesser of (a) 75% of the excess credit; or (b) the maximum refund on the Certificate from Commerce. Any additional amount is waived.

If two or more taxpayers, including shareholders of an S corporation and partners in a partnership, share in the eligible expenses, each taxpayer is eligible to claim a proportionate share of the refund. An S corporation must apply for the Certificate on behalf of its shareholders. A partnership must apply for the Certificate on behalf of its partners.

CARRYOVER OF UNUSED CREDIT

If the current taxable year's credit exceeds the taxpayer's tax liability for the taxable year, the taxpayer may carry forward the unused credit to the next fifteen consecutive taxable years. Due to various law changes, the amount that may be carried forward and how it is applied differs depending on the tax year it was earned. Please see the specific instructions for more information on how to calculate the proper carryforward amounts.

NOTE: Taxpayers that elected to receive a refund of 75% of the excess credit cannot carry forward any amount from the year of the refund. Carry forwards from years prior to 2010 or years where the taxpayer did not elect to receive a refund may carryover to the following year.

If you qualify to receive a refund for this taxable year, carryovers of the credit for increased research activities from previous taxable years will be carried over to the following taxable year, subject to the fifteen year carryover period and annual limitations on use of those carryovers.

Specific Instructions

Complete the name and employer identification number (EIN) section at the top of the form. Indicate the period covered by the taxable year. Include the completed form with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, an exempt organization with UBTI, an S corporation or a partnership is the taxpayer's EIN. Taxpayers that fail to include their TIN may be subject to a penalty.

Part 1 - Qualification for Refund of Current Taxable Year's Excess Credit

Line 1 -

If the taxpayer applied to Commerce and received a Certificate related to the credit for increased research activities, check the "Yes" box. Otherwise, check the "No" box and skip line 2.

Line 2 -

If you checked the "Yes" box on line 1, enter the maximum refund amount for taxable year 2014 on your Certificate from Commerce.

Line 3 -

If an entity from which you are claiming a pass through credit for increased research activities applied to Commerce and received a Certificate, check the "Yes" box. Otherwise, check the "No" box, and skip line 4 and line 5.

If you checked the “No” box for both line 1 and line 3, skip Part 6.

NOTE: *By checking the “No” boxes for both line 1 and line 3, you are indicating that you will not seek a refund for this taxable year, and instead will carry any excess credit forward. This election cannot be changed on an amended return.*

Line 4 -

If you checked the "Yes" box on line 3, enter the name and EIN of the entity that received the Certificate from Commerce on line 4.

Line 5 -

If you checked the "Yes" box on line 3, enter your share of the maximum refund amount for taxable year 2014, from Part 4 of the S corporation’s Form 308 or Part 5 of the partnership’s Form 308.

Only an exempt organization with UBTI would enter a pass-through amount from an S corporation on line 5.

Part 2 - Current Taxable Year's Credit Calculation

Lines 6 through 8 apply only to corporations (excluding S corporations, personal holding companies, and service organizations). All other taxpayers begin the computation on line 9.

Line 6 -

Corporate taxpayers may be eligible for a "basic research" credit if their payments made in cash to a qualified university or scientific research organization (pursuant to a written contract) for research conducted in Arizona exceed a base period amount. Enter the amount of such payments on line 6.

Line 7 -

Enter the base period amount as defined by IRC § 41(e) that is based on Arizona research activity. The amount on line 7 (but not more than the amount on line 6), although not eligible for the basic research credit, can be treated as contract research expenses on line 12.

Line 9 -

Enter total wages paid or incurred for qualified services performed in Arizona. Do not include the amount of such wages paid to employees that were used in the calculation of the federal work opportunity credit. Wages include any wages paid or incurred to an employee for qualified services performed by such employee. Qualified services consist of engaging in qualified research or engaging in the direct supervision or direct support of research activities that constitute qualified research.

Line 10 -

Enter the cost of supplies paid or incurred for use in the conduct of qualified research in Arizona. Supplies include expenditures for any tangible property other than land or improvements to land, and property of a character subject to the allowance for depreciation.

Line 11 -

Enter the amount paid or incurred to rent or lease the right to use computers in the conduct of qualified research in Arizona.

Line 12 -

Enter the total of:

(a) Seventy-five percent (.75) of any amount paid or incurred for qualified research performed in Arizona by a qualified research consortium on the taxpayer's behalf. "Qualified research consortium" is any qualifying organization as defined in IRC § 41(b)(3)(C)(ii). Also include 75% of that portion of line 6, basic research payments, paid to a qualified research consortium that does not exceed the line 7 base amount.

(b) Sixty-five percent (.65) of any amount paid or incurred for qualified research performed in Arizona on the taxpayer's behalf, other than such amounts paid to a qualified research consortium. Prepaid contract research expenses are considered paid in the year the research is actually done. Also include 65% of that portion of line 6, basic research payments, that does not exceed the line 7 base amount, other than amounts paid to a qualified research consortium.

NOTE: *If you made basic research payments to an Arizona university under the jurisdiction of the Arizona Board of Regents, you may be entitled to an additional credit. See Arizona Form 346 for details.*

Line 14 -

Enter the amount of expenses included on lines 9 through 12 that are related to solar liquid fuel that will be claimed on Arizona Form 344. The credit for increased research activities is in lieu of the solar liquid fuel credit, provided by A.R.S. § 43-1164.02 (claimed on Arizona Form 344), with respect to the same expenses.

Line 16 -

Enter the average annual Arizona gross receipts for the four taxable years preceding the taxable year for which the credit is being determined (the credit year). The taxpayer may be required to annualize gross receipts for any short taxable year.

If 2014 is the first year the taxpayer is in business, the average annual Arizona gross receipts for the preceding taxable years is zero. If the taxpayer has been in business in Arizona for less than four taxable years prior to the credit year, then the average is the sum of annual Arizona gross receipts of the applicable period, divided by the number of taxable years.

Example: ABC Corporation began business in Arizona in 2012. Its annual Arizona gross receipts for 2012 were $100,000. Its annual Arizona gross receipts for 2013 were $200,000. Therefore, ABC Corporation's average annual Arizona gross receipts for the 2014 credit year is $150,000 ([$100,000 plus $200,000] divided by 2).

Line 17 -

Fixed base percentage

Use the same type of formulas to compute your fixed-base percentage for Arizona as you would for computing your federal fixed-base percentage. The difference is that you use Arizona qualified research expense and gross receipts amounts instead of federal amounts. Other than that, the calculations are the same. Round off the percentage to the nearest one, one hundredth of one percent (four decimal places).

If the percentage computation involves *de minimis* amounts of gross receipts and qualified expenses in a taxable year or short taxable years are involved, the amounts may be annualized or disregarded. Refer to IRC §§ 41(c)(3) and 41(f)(4) for details.

Existing firms and start-up companies

Arizona's definition of whether an organization is an existing firm or a start-up company is also the same as federal, albeit on an Arizona basis:

- **Existing firms** - An existing firm is one that had both Arizona gross receipts and Arizona qualified research expenses for at least three taxable years beginning after December 31, 1983, and before January 1, 1989. The fixed-base percentage is the ratio that the aggregate Arizona qualified research expenses for all taxable years beginning after 1983 and before 1989, bears to the aggregate Arizona gross receipts for such taxable years.
- **Start-up companies** - A start-up company is one that had both Arizona gross receipts and Arizona qualified research expenses either (1) for the first time in a taxable year beginning after December 31, 1983, or (2) for fewer than three taxable years beginning after 1983 and before 1989.

  If the percentage computation involves *de minimis* amounts of gross receipts and qualified expenses in a taxable year or short taxable years are involved, the amounts may be annualized or disregarded. Refer to IRC §§ 41(c)(3) and 41(f)(4) for details.

NOTE: *The maximum percentage that can be entered on line 17 is 16% (.1600).*

Line 20 -

Multiply line 15 by 50% (.50). The base amount cannot be less than 50% of the current year qualified research expenses. This rule applies to both existing and start-up companies.

Lines 23 through 27 -

The way you compute the amount of current year's credit you may receive depends on the amount of expenses you have. To determine your proper credit amount, complete lines 23 through 27 as instructed on the form.

Part 3 - Current Taxable Year's Credit Passed Through From S Corporations and Partnerships

Line 28 -

Enter the aggregate amount you received as a flow through from Form 308, Part 5, line 38 for each partnership. An exempt organization with UBTI would also include the amount received as a flow through from Form 308, Part 4, line 33 from an S corporation. Include a copy of Form 308 received from each S corporation or partnership with your return.

If you checked the "Yes" box on line 3, complete Part 6 to calculate the amount of the current year's excess credit that is refundable to you.

Complete Parts 7 and/or 8 to compute the available carryover of the credit passed through by S corporations or partnerships from prior taxable years. You should complete Parts 7 and/or 8 only if your allowable credit for increased research activities for prior taxable years exceeded your Arizona income tax liability for those taxable years, and you did not receive a refund of the credit for increased research activities for those taxable years. The carry forward for tax years in which you received a refund of the credit for increased research activities is zero.

Line 29 -

Enter the total of line 27 and line 28. This is your current year's total credit for increased research activities.

Part 4 - S Corporation Credit Election and Shareholder's Share of Credit

Line 30 - S Corporation Credit Election

S corporations must complete line 30. The S corporation must make an irrevocable election to either claim the current taxable year credit or pass the credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to Arizona Form 120S. If the S corporation elects to claim the credit itself, it can skip lines 31 through 35 and complete Parts 6 through 11, as applicable.

Lines 31 through 35 –

If an S corporation elects to pass the credit through to its shareholders, it must also complete lines 31 through 33. If the

S corporation received a Certificate from Commerce, it must also complete line 34. If the S corporation received a pass-through credit from a partnership, and the partnership received a Certificate from Commerce, the S corporation must also complete line 35.

After the S corporation completes Parts 1, 2 and 3, it must complete Part 4, lines 31 through 35, separately for each shareholder. The S corporation must furnish each shareholder with a copy of pages 1 through 4 of Form 308, and a copy of the Certificate, if applicable.

Each exempt organization shareholder must complete Parts 6 through 11, as applicable. All individual S corporation shareholders should complete Arizona Form 308-I.

Part 5 - Partner's Share of Credit

Lines 36 through 40 -

After a partnership completes Parts 1, 2 and 3, it must complete Part 5, lines 36 through 40, separately for each partner. The partnership must furnish each partner with a copy of pages 1 through 4 of Form 308 and a copy of the Certificate, if applicable. Each corporate partner must complete Parts 6 through 11, as applicable. A partner that is an exempt organization with UBTI must complete Parts 6 through 11, as applicable. All individual partners should complete Arizona Form 308-I.

Part 6 - Refundable Portion of the Current Taxable Year's Excess Credit

Complete Part 6 if any of the following apply:

1) You are a corporation, and exempt organization with UBTI, or an S corporation that elects to claim the credit, and the "Yes" box on Part 1, line 1 and/or Part 1, line 3, is checked and you elect to receive a refund of up to 75% of your excess credit, limited by the amount on line 2 and/or line 5;

   or

2) You are a corporate partner in a partnership or an exempt organization with UBTI that is a partner in a partnership, and the "Yes" box on Part 1, line 1 and/or Part 1, line 3, is checked and you elect to receive a refund of 75% of your excess credit, limited by the amount on line 39 and/or line 40;

   or

3) You are an exempt organization S corporation shareholder, and the "Yes" box on Part 1, line 1 and/or Part 1, line 3, is checked and you elect to receive a refund of 75% of your excess credit, limited by the amount on line 34 and/or line 35.

If you are an individual receiving a pass through from a partnership or an S corporation, you must complete Form 308-I to claim your refund. Include both the entity's Form 308 and your Form 308-I with your individual tax return.

The excess credit is the current taxable year's credit for increased research activities less the current taxable year's tax liability. Carryovers of the credit for increased research activities from previous taxable years will carryover for possible use in the next taxable year, provided they do not expire this taxable year.

NOTE: *If you complete Part 6 and are receiving a refund, do not complete Part 9 or Part 10.*

Line 41 -

Enter the amount of the current taxable year's credit. Corporations, exempt organizations with UBTI, or S corporations, enter the amount from Part 3, line 29. Exempt organizations with UBTI that are S corporation shareholders, enter the credit from Part 4, line 33. Corporate partners of a partnership or exempt organizations with UBTI that are partners of a partnership, enter the amount from Part 5, line 38.

Line 42a -

Enter the current taxable year's tax, including recapture, from Form 99T, line 8; or Form 120, line 18; or Form 120A, line 10; or Form 120S, line 14; or Form 120X, line 18(c).

Line 42b -

Enter the amount of nonrefundable tax credits from Form 300. Exclude the credit or carryover for increased research activities.

Line 42c -

Enter the current taxable year's credit for increased research activities that will be used to offset the current taxable year's tax liability. Subtract line 42b from line 42a. Enter the difference. If the difference is zero or more, also enter it on Part 11, line 66; also enter it on Form 300, Part 1, line 4, column (a), and Form 300, Part 2, line 36. If the difference is less than zero, enter zero.

Line 43 -

Subtract line 42c from line 41. Enter the difference. If the difference is less than zero, enter zero; no refund is available for this taxable year. This is the current taxable year's excess credit.

Line 44 -

Multiply line 43 by 75% and enter the result. This is your tentative refundable credit.

Line 45 -

Enter the maximum refundable credit. Corporations, exempt organizations with UBTI, or S corporations, enter the amount from Part 1, line 2. S corporations that are eligible for a refund because of a flow through from a partnership, enter the amount from Part 1, line 5. Exempt organizations with UBTI that are S corporation shareholders enter the amount from Part 4, line 34 or line 35. Corporate partners of a partnership or exempt organizations with UBTI that are partners of a partnership, enter the amount from Part 5, line 39 or line 40.

Line 46 -

Enter the lesser of line 44 or line 45. Complete Part 7 and Part 8, only if you have carryovers from taxable years prior to 2014. Otherwise, skip Part 9 and Part 10.

Enter the amount from line 46 on Form 99T, line 12; or Form 120, line 22; or Form 120A, line 14; or Form 120S, line 18; or Form 120X, line 22. On the same line, be sure to check box 308 indicating you are claiming a refundable credit for increased research activities.

CREDIT CARRYOVER

WHAT IS A CONVERSION CARRYOVER?

The allowable amount of carryover of qualified research expenses from years before taxable year 2001 was determined differently than a carryover is ordinarily done. Instead of carrying forward an unused credit amount, taxpayers had to convert each year's qualified research expenses to a credit carryover amount ("conversion carryover"). Any unused qualified research expenses were multiplied by 20%, and the result was carried forward and applied subject to the same additional limitations as any credit for increased research activities. Those additional limitations are explained in the instructions that follow.

Because the conversion carryover arises from years where individuals were ineligible for the credit, S corporations would have no conversion carryover to pass through to their shareholders. The conversion carryover applies only to corporations and S corporations that were using the credit to offset their corporate income tax.

Taxpayers needing to use the conversion calculation may refer to the 2001 Form 308, *Credit for Increased Research Expenses*. This form is available on the department's website at www.azdor.gov.

Part 7 - Available Pre-2003 Credit Carryover

The credit for increased research activities may be carried forward to offset against the tax liability of the next fifteen taxable years. Use Part 7 to calculate the available pre-2003 credit carryover.

After you complete lines 47 through 50, calculate the total of all your carryovers from tax years prior to 2003. Enter this total on line 51, column (d).

Allowable Credit Carryover

There are limitations on how much of your carryover you can use to offset this year's tax. How much you can use depends on the year from which the carryover arose. In Part 9 and Part 10, you will be applying these limitations to determine the proper carryover amounts.

Remember, if you have other credits, your usable amount of credit from increased research activities may be limited further. You will be applying these limitations when you complete Form 300, *Nonrefundable Corporate Tax Credits and Recapture*.

Part 8 - Available Post-2002 Credit Carryover

The credit for increased research activities may be carried forward and offset against the next fifteen taxable years. Use Part 8 to calculate the available post-2002 credit carryover.

After you complete lines 53 through 62, calculate the total of all your carryovers from tax years after 2002. Enter this total on line 63, column (d).

REMINDER: If you received a refund of the credit for increased research activities related to taxable years 2010, 2011, 2012, or 2013, no carryover is available from those years. In this case, enter zero in column (d) for those tax years.

Part 9 - Limitation of Pre-2003 Credit Carryover

NOTE: *If you completed Part 6 and are receiving a refund, do not complete Part 9.*

The total amount of credit carryovers that originated in taxable year 2002 and the preceding years that you can use to offset this year's tax liability is limited. The total amount of pre-2003 credit carryforward cannot be more than your current year's income tax liability or $500,000, minus the current year's credit for increased research activities.

Use lines 64a through 64f to calculate the amount of pre-2003 carryovers that you can use. Complete these lines as instructed on the form.

Part 10 - Limitation of Post-2002 Credit Carryover

NOTE: *If you completed Part 6 and are receiving a refund, do not complete Part 10.*

The total amount of credit carryovers originating in 2003 and subsequent years that you can use to offset this year's tax liability can be no more than the current year's tax liability less the current taxable year's credit for increased research activities.

Use lines 65a through 65e to calculate the amount of post-2002 carryovers that you can use. Complete these lines as instructed on the form.

Part 11 - Total Available Nonrefundable Credit

Complete this section to compute the total available nonrefundable credit for the taxable year. The total available nonrefundable credit is the sum of the credit for the current taxable year's increased research activities and the available credit carryover(s).

Line 66 -

If you completed Part 6 and are receiving a refund, enter the amount from Part 6, line 42c.

Corporations (including S corporations that elected to claim the credit) and exempt organizations with UBTI not receiving a refund in Part 6 - enter the current year's credit from Part 3, line 29.

Exempt organizations with UBTI that are S corporation shareholders not receiving a refund in Part 6 - enter the credit from Part 4, line 33.

Corporate partners of a partnership or exempt organizations with UBTI that are partners of a partnership not receiving a refund in Part 6 - enter the credit from Part 5, line 38.

This is the current taxable year's credit for increased research activities.

Line 67 -

If you completed Part 6 and are receiving a refund, enter zero. Otherwise, enter your pre-2003 credit carryover amount from Part 9, line 64f.

Line 68 -

If you completed Part 6 and are receiving a refund, enter zero. Otherwise, enter your post-2002 credit carryover amount from Part 10, line 65e.

Line 69 -

Add the amounts from lines 66, 67, and 68. This is the total available credit for increased research activities that may be applied to the current taxable year's tax liability. Enter the total here and on Form 300, Part 1, line 4, column (c).

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Arizona Form **308-I**

Credit for Increased Research Activities – Individuals

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y.

Name(s) as shown on Form 140, 140PY, 140NR, 140X	Social Security Number

Individuals must complete this form to claim the credit for increased research activities. Do not complete Form 308.
Complete this form if the taxpayer has:
(a) a current taxable year's credit from the taxpayer's sole proprietorship; OR
(b) a current taxable year's credit passed through from an S corporation or a partnership; OR
(c) a carryover of unused credit from taxable year(s) 2001 and later.

Part 1 Qualification for Refund of Current Taxable Year's Excess Credit

1	Did you receive a "Certificate of Qualification" from the Arizona Commerce Authority? ☐ Yes ☐ No If "Yes", include a copy of the Certificate. If "No", skip line 2.		
2	Enter the maximum refund amount on the Certificate from the Arizona Commerce Authority for this taxable year	2	00
3	Did an entity from which you are claiming a pass through credit for increased research activities receive a "Certificate of Qualification" from the Arizona Commerce Authority? ☐ Yes ☐ No If "Yes", include a copy of the Certificate. If "No", skip line 4 and line 5.		
4	Enter the name of the entity that received the Certificate from the Arizona Commerce Authority and its employer identification number. Be sure to include a copy of the Certificate. Name: EIN:		
5	Enter your share of the maximum refund amount for this taxable year: See instructions	5	00

Part 2 Current Taxable Year's Credit Calculation (Sole Proprietorships Only)

6	Wages for qualified services (do not include wages used in figuring the federal work opportunity credit)	6	00		
7	Cost of supplies	7	00		
8	Rental or lease cost of computers	8	00		
9	Contract research expenses: See instructions	9	00		
10	Total research expenses: Add lines 6 through 9. Enter the total	10	00		
11	Research expenses included on llines 6 through 9 related to solar liquid fuel that will be claimed on Arizona Form 344	11	00		
12	Total qualified research expenses: Subtract line 11 from line 10			12	00
13	Average annual Arizona gross receipts: See instructions	13	00		
14	Fixed-base percentage (not more than 16% (.1600)): See instructions	14	.		
15	Base amount: Multiply line 13 by the percentage on line 14. Enter the result			15	00
16	Subtract line 15 from line 12. If less than zero, enter zero			16	00
17	Multiply line 12 by 50% (.50). Enter the result			17	00
18	Enter the lesser of line 16 or line 17			18	00

- **If line 18 is $2,500,000 or less, complete line 19 and skip lines 20 through 22.**
- **If line 18 is more than $2,500,000, skip line 19 and complete lines 20 through 22.**

19	Multiply line 18 by 24% (.24). Enter the result			19	00
20	Subtract $2,500,000 from line 18. Enter the difference	20	00		
21	Multiply line 20 by 15% (.15). Enter the result	21	00		
22	Add $600,000 to line 21. Enter the total			22	00
23	Enter the amount from line 19 or 22 here			23	00

Part 3 Current Taxable Year's Credit Passed Through From S Corporations and Partnerships

24	Total amount of credit passed through from S corporations and partnerships: Enter the aggregate amount of the credit for increased research activities from all Form(s) 308 received from S corporations and partnerships. Include copies of any Form(s) 308 to your tax return	24	00
25	**Total Credit:** Add line 23 and line 24. Enter the total. **This is your current year's total credit for increased research activities**	25	00

Continued on page 2 ➔

Name (as shown on page 1)	SSN

Part 4 Refundable Portion of the Current Taxable Year's Excess Credit

Only complete Part 4 if the "Yes" box on Part 1, line 1 or Part 1, line 3 is checked.

26	Total current taxable year's credit: Enter the amount from Part 3, line 25			26	00
27a	Subtotal of tax: Enter the amount from Form 140, line 48; or Form 140PY, line 61; or Form 140NR, line 58; or Form 140X, line 33	27a	00		
27b	Nonrefundable tax credits: Enter the amount of nonrefundable tax credits from Form 301. Exclude the credit or carryover for increased research activities	27b	00		
27c	Current taxable year's credit for increased research activities that will be used to offset the current taxable year's tax liability: Subtract line 27b from line 27a and enter the difference. If the difference is zero or more, enter it on Part 8, line 51; also enter it on Form 301, Part 1, line 5, column (a), and on Form 301, Part 2, line 46. If the difference is less than zero, enter zero			27c	00
28	Current taxable year's excess credit: Subtract line 27c from line 26 and enter the difference. If less than zero, enter zero, because no refund is available			28	00
29	Tentative refundable credit: Multiply line 28 by 75% (.75). Enter the result			29	00
30	Maximum refundable credit: See instructions			30	00
31	**Refundable Credit:** Enter the lesser of line 29 or line 30. See instructions			31	00

Complete Part 5 and Part 6 if you have carryovers from prior years. If you elect to receive a refund of 75% of the excess credit, you cannot carry forward any amount from the year of the refund.

Part 5 Available Pre-2003 Credit Carryover

	(a) Taxable Year	(b) Original Credit Amount	(c) Amount Previously Used	(d) Available Carryover: Subtract column (c) from column (b).
32	2001	00	00	00
33	2002	00	00	00
34	TOTAL AVAILABLE PRE-2003 CARRYOVER: Add lines 32 and 33 in column (d)		34	00

Part 6 Available Post-2002 Credit Carryover

	(a) Taxable Year	(b) Original Credit Amount	(c) Amount Previously Used	(d) Available Carryover: Subtract column (c) from column (b).
35	2003	00	00	00
36	2004	00	00	00
37	2005	00	00	00
38	2006	00	00	00
39	2007	00	00	00
40	2008	00	00	00
41	2009	00	00	00
42	2010	00	00	00
43	2011	00	00	00
44	2012	00	00	00
45	2013	00	00	00
46	TOTAL AVAILABLE POST-2002 CARRYOVER: Add lines 35 through 45 in column (d)		46	00

Continued on page 3 ➔

Name (as shown on page 1)	SSN

Part 7 Limitation of Credit Carryovers

If you completed Part 4 and are receiving a refund, do not complete Part 7.

LIMITATION OF PRE-2003 CREDIT CARRYOVER: You may not be able to use all of your available pre-2003 credit carryovers from Part 5 to offset this year's tax liability. Complete Part 7 to determine which credit carryovers you may claim. Also complete Part 7 to figure the total of all of your available credit carryovers (amounts from Part 5, line 34, column (d), and Part 6, line 46, column (d)) that you may claim this year.

47a	Current year's liability: Enter the amount from Form 301, Part 2, line 39			**47a**	00
47b	Current year's total credit: Enter the amount from Part 3, line 25			**47b**	00
47c	Subtract line 47b from line 47a. If the difference is zero or less, enter zero			**47c**	00
48a	Available pre-2003 credit carryover: Enter the amount from Part 5, line 34, column (d)	**48a**	00		
48b	Enter the lesser of line 47a or $500,000	**48b**	00		
48c	Subtract line 47b from line 48b. If the difference is zero or less, enter zero	**48c**	00		
48d	Enter the lesser of line 48a or line 48c. This is the amount of pre-2003 carryover that you may use			**48d**	00
49	Subtract line 48d from line 47c			**49**	00
50	Enter the lesser of Part 6, line 46, column (d) or Part 7, line 49. This is the amount of post-2002 carryover that you may use			**50**	00

Part 8 Total Available Nonrefundable Credit

51	Current year's credit: If you completed Part 4 and are receiving a refund, enter the amount from Part 4, line 27c. Otherwise, enter the amount from Part 3, line 25. Also enter this amount on Form 301, line 5, column (a).	**51**	00
52	If you completed Part 4 and are receiving a refund, enter zero. Otherwise, enter the pre-2003 carryover from Part 7, line 48d	**52**	00
53	If you completed Part 4 and are receiving a refund, enter zero. Otherwise, enter the post-2002 carryover from Part 7, line 50. Also enter the sum of lines 52 and 53 (total carryover) on Form 301, line 5, column (b).	**53**	00
54	**Total available credit:** Add lines 51, 52, and 53. Also enter this amount on Form 301, Part 1, line 5, column (c).	**54**	00

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2014 Credit for Increased Research Activities - Individuals

CONTACTS FOR REFUND OF CREDIT FOR INCREASED RESEARCH ACTIVITIES

Arizona Commerce Authority

•Application forms •Program guidelines

Website: **www.azcommerce.com**

Program Manager (602) 845-1200

CONTACTS FOR NONREFUNDABLE CREDIT FOR INCREASED RESEARCH ACTIVITIES

Arizona Department of Revenue

•Tax forms and instructions •Information and assistance

Website: **www.azdor.gov**

Taxpayer assistance (602) 255-3381
From area codes 520 and 928, toll-free (800) 352-4090

General Instructions

NOTE: THE 2014 FORM 308-I IS USED BY INDIVIDUAL TAXPAYERS. THE 2014 FORM 308 IS USED BY TAXPAYERS THAT ARE CORPORATIONS, EXEMPT ORGANIZATIONS WITH UNRELATED BUSINESS TAXABLE INCOME, S CORPORATIONS, OR PARTNERSHIPS.

Arizona Revised Statutes (A.R.S.) § 43-1074.01 provides an individual income tax credit for increased research activities in a taxable year. For taxable years beginning from and after December 31, 2009, a portion of the current year's excess credit may be refundable to qualified taxpayers.

The credit for increased research activities is in lieu of the solar liquid fuel credit, provided by A.R.S. § 43-1085.01 (claimed on Arizona Form 344), with respect to the same expenses.

The Arizona tax credit for individuals is allowed in an amount computed pursuant to Internal Revenue Code (IRC) § 41 with the following exceptions:

- Qualified research includes only research conducted in Arizona. The term "qualified research," for purposes of the Arizona tax credit, means qualified research, as defined in IRC § 41, that is conducted in Arizona.
- The amount of the credit is based on the federal regular credit computation method for Arizona qualified research expenses. Taxpayers CANNOT use the federal alternative credit computation method. The allowable current taxable year credit is a percentage of the excess, if any, of the Arizona qualified research expenses for the taxable year over the base amount.

  For 2014, if the allowable expenses do not exceed $2,500,000, the allowable credit is 24% of this amount. If the allowable expenses exceed $2,500,000, the allowable credit amount is $600,000 plus 15% of the amount of expenses over $2,500,000.
- If two or more taxpayers, including shareholders of an S corporation and partners in a partnership, share in the eligible expenses, each taxpayer is eligible to receive a proportionate share of the credit.
- The termination provisions of IRC § 41 do not apply.

REFUND OF 75% OF CURRENT YEAR'S EXCESS CREDIT

If the current taxable year's credit for increased research activities exceeds your income tax liability for the taxable year, a portion of the excess credit may be refundable, if you qualify.

The amount of credit that is refundable is limited to 75% of the excess credit. The excess credit is the current year's credit less the current year's tax liability. The 75% refund is only available for the current year's excess credit for increased research activities. Once the taxpayer files a return with the department, the excess credit for increased research activities is carried forward; therefore, the taxpayer may not claim a refund for that taxable year.

NOTE: *Because the refund is calculated after tax liability, it is necessary that you calculate all of your other credits before you can determine the current year's excess credit amount.*

Taxpayers must apply to the Arizona Commerce Authority (Commerce) and receive a Certificate of Qualification (Certificate) to receive a refund. Taxpayers must have less than 150 full-time employees to qualify. The refund is the lesser of (a) 75% of the excess credit; or (b) the maximum refund on the Certificate from Commerce. Any additional amount is waived.

If two or more taxpayers, including shareholders of an S corporation and partners in a partnership, share in the eligible expenses, each taxpayer is eligible to claim a proportionate share of the refund. An S corporation must apply for the Certificate on behalf of its shareholders. A partnership must apply for the Certificate on behalf of its partners.

Carryovers from the credit for increased research activities from previous taxable years will be carried over to the following taxable year, subject to the fifteen year carryover period and annual limitations on use of those carryovers.

CARRYOVER OF UNUSED CREDIT

If the current taxable year's credit for increased research activities exceeds your income tax liability for the current taxable year, you may carry forward the unused credit to the next fifteen consecutive taxable years.

The amount of credit carryover that you may use to reduce your current year’s tax liability is limited to the amount of tax liability that remains after you have used your current year’s credit. If the carryovers are from taxable years beginning January 1, 2001 through December 31, 2002, the amount of credit carryover that may be used is further limited. This is addressed in the instructions for Part 7 of Form 308-I.

If you have other nonrefundable tax credits that you are using to reduce your tax liability, you may not be able to use all of your credit for increased research activities to reduce your tax this year. You will be applying these limitations when you complete Arizona Form 301, *Nonrefundable Individual Tax Credits and Recapture*.

DO YOU HAVE TO MAKE OTHER ADJUSTMENTS TO ARIZONA GROSS INCOME OR TO THE ARIZONA TAX CREDIT FOR INCREASED RESEARCH ACTIVITIES?

- If you claim an Arizona credit for increased research activities for the taxable year, Arizona statutes do not require you to make an addition to Arizona gross income for the amount of qualified research expenses equal to the amount of the allowable Arizona credit.
- If you claim a reduced federal credit for increased research expenses and claim the Arizona credit for increased research activities, Arizona statutes do not require you to reduce the Arizona credit for increased research activities in a manner similar to the federal reduction method.
- If you reduce the amount of the deduction for qualified research activities in the computation of federal adjusted gross income, Arizona statutes do not allow you to take a subtraction from Arizona gross income for the amount of the expense reduction.
- If you adjust the federal asset basis of capitalized research expenses and reduce the amount of amortization deductible in the computation of federal adjusted gross income, Arizona statutes do not allow you to take a subtraction from Arizona gross income for additional amortization.

Specific Instructions

Complete the name and social security number section at the top of the form. Indicate the period covered by the taxable year. Include the completed form with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for an individual is the taxpayer's social security number or an Internal Revenue Service individual taxpayer identification number. Taxpayers that fail to include their TIN may be subject to a penalty.

Part 1 - Qualification for Refund of Current Taxable Year's Excess Credit

Line 1 -

If your sole proprietorship applied to Commerce and received a Certificate related to the credit for increased research activities, check the "Yes" box. Otherwise, check the "No" box, and skip line 2.

Line 2 -

If you checked the "Yes" box on line 1, enter the maximum refund amount for taxable year 2014 on your Certificate from Commerce.

Line 3 -

If the entity from which you are claiming a pass through credit for increased research activities applied to Commerce and received a Certificate, check the "Yes" box. Otherwise, check the "No" box, and skip line 4 and line 5.

If you checked the "No" box for both line 1 and line 3, skip Part 4.

NOTE: *By checking the "No" boxes for both line 1 and line 3, you are indicating that you will not seek a refund for this taxable year, and instead will carry any excess credit forward. This election cannot be changed on an amended return.*

Line 4 -

If you checked the "Yes" box on line 3, enter the name and taxpayer identification number of the entity that received the Certificate from Commerce on line 4.

Line 5 -

If you checked the "Yes" box on line 3, enter your share of the maximum refund amount for taxable year 2014. Shareholders of an S corporation, enter the amount from Form 308, Part 4, line 34 or line 35. Partners of a partnership, enter the amount from Form 308, Part 5, line 39 or line 40.

Part 2 - Current Taxable Year's Credit Calculation (Sole Proprietorships Only)

NOTE: Complete this part only if you operate a business as a sole proprietorship and your sole proprietorship incurred qualified research expenses during the taxable year. If you received your credit as the result of a pass through, go to Part 3.

Line 6 -

Enter total wages paid or incurred for qualified services performed in Arizona. Do not include the amount of such wages paid to employees that were used in the calculation of the federal work opportunity credit. Wages include any wages paid or incurred to an employee for qualified services performed by such employee. Qualified services consist of engaging in qualified research or engaging in the direct supervision or direct support of research activities that constitute qualified research.

Line 7 -

Enter the cost of supplies paid or incurred for use in the conduct of qualified research in Arizona. Supplies include expenditures for any tangible property other than land or improvements to land, and property of a character subject to the allowance for depreciation.

Line 8 -

Enter the amount paid or incurred to rent or lease the right to use computers in the conduct of qualified research in Arizona.

Line 9 -

Enter the total of:

(a) Seventy-five percent (.75) of any amount paid or incurred for qualified research performed in Arizona by a qualified research consortium on your sole proprietorship's behalf.

"Qualified research consortium" is any qualifying organization as defined in IRC § 41(b)(3)(C)(ii).

(b) Sixty-five percent (.65) of any amount paid or incurred for qualified research performed in Arizona on your sole proprietorship's behalf, other than such amounts paid to a qualified research consortium. Prepaid contract research expenses are considered paid in the year the research is actually done.

NOTE: *If your contract research expenses were made to an Arizona university under the jurisdiction of the Arizona Board of Regents and qualify as basic research payments, you may be entitled to an additional credit. See Arizona Form 346 for details.*

Line 11 -

Enter the amount of expenses included on lines 6 through 9 that are related to solar liquid fuel that will be claimed on Arizona Form 344. The credit for increased research activities is in lieu of the solar liquid fuel credit, provided by A.R.S. § 43-1085.01 (claimed on Arizona Form 344), with respect to the same expenses.

Line 13 -

Enter the average annual Arizona gross receipts for the four taxable years preceding the taxable year for which the credit is being determined (the credit year). You may be required to annualize gross receipts for any short taxable year.

If 2014 is the first year the taxpayer is in business, the average annual Arizona gross receipts for the preceding taxable years is zero. If the taxpayer has been in business in Arizona for less than four taxable years prior to the credit year, then the average is the sum of annual Arizona gross receipts of the applicable period, divided by the number of taxable years.

Example: ABC Corporation began business in Arizona in 2012. Its annual Arizona gross receipts for 2012 were $100,000. Its annual Arizona gross receipts for 2013 were $200,000. Therefore, ABC Corporation's average annual Arizona gross receipts for the 2014 credit year is $150,000 ([$100,000 plus $200,000] divided by 2).

Line 14 -

Round off the percentage to the nearest one, one hundredth of one percent (four decimal places). Compute the fixed-base percentage as follows:

- **Existing firms** - An existing firm is one that had both Arizona gross receipts and Arizona qualified research expenses for at least three taxable years beginning after December 31, 1983, and before January 1, 1989. The fixed-base percentage is the ratio that the aggregate Arizona qualified research expenses for all taxable years beginning after 1983 and before 1989, bears to the aggregate Arizona gross receipts for such taxable years.
- **Start-up companies** - A start-up company is one that had both Arizona gross receipts and Arizona qualified research expenses either (1) for the first time in a taxable year beginning after December 31, 1983, or (2) for fewer than three taxable years beginning after 1983 and before 1989.

Fixed-Base Percentages for Taxable Years Beginning After 1993 in Which Start-Up Companies Incurred Arizona Qualified Research Expenses	
Taxable Year After 1993	**Percentages for Taxable Years After 1993**
1st through 5th	**3%**
6th	Divide the aggregate Arizona qualified research expenses for 4th and 5th taxable years by the aggregate Arizona gross receipts for 4th and 5th taxable years. Multiply the result by 1/6 (.1667).
7th	Divide the aggregate Arizona qualified research expenses for 5th and 6th taxable years by the aggregate Arizona gross receipts for 5th and 6th taxable years. Multiply the result by 1/3 (.3333).
8th	Divide the aggregate Arizona qualified research expenses for 5th through 7th taxable years by the aggregate Arizona gross receipts for 5th through 7th taxable years. Multiply the result by 1/2 (.50).
9th	Divide the aggregate Arizona qualified research expenses for 5th through 8th taxable years by the aggregate Arizona gross receipts for 5th through 8th taxable years. Multiply the result by 2/3 (.6667).
10th	Divide the aggregate Arizona qualified research expenses for 5th through 9th taxable years by the aggregate Arizona gross receipts for 5th through 9th taxable years. Multiply the result by 5/6 (.8333).
All years after 10th	Divide the aggregate Arizona qualified research expenses for any 5 taxable years selected by the taxpayer from among the 5th through 10th taxable years by the aggregate Arizona gross receipts for the selected taxable years.

If the percentage computation involves *de minimis* amounts of gross receipts and qualified expenses in a taxable year or short taxable years are involved, the amounts may be annualized or disregarded. Refer to IRC §§ 41(c)(3) and 41(f)(4) for details.

NOTE: *The maximum percentage that can be entered on line 14 is 16% (.1600).*

Line 17 -

Multiply line 12 by 50% (.50). The base amount cannot be less than 50% of the current year qualified research expenses. This rule applies both to existing and start-up companies.

Lines 19 through 23 -

The way you compute the amount of the current year's credit you may receive depends on the amount of expenses you have. To determine your proper credit amount, complete lines 19 through 23 as instructed on the form.

Part 3 - Current Taxable Year's Credit Passed Through From S Corporations and Partnerships

Line 24 -

Enter the aggregate amount you received as a flow through from S corporations (from Form 308, Part 4, line 33) and

partnerships (from Form 308, Part 5, line 38). Include a copy of Form 308 received from each S corporation or partnership with your return.

If you checked the "Yes" box on line 3, complete Part 4 to calculate the amount of the current year's excess credit that is refundable to you.

Complete Part 5 and/or Part 6 to compute the available carryover of the credit passed through by S corporations or partnerships from prior taxable years. You should complete Part 5 and/or Part 6 only if your allowable credit for increased research activities for prior taxable years exceeded your Arizona income tax liability for those taxable years, and you did not receive a refund of the credit for increased research activities for those taxable years. The carry forward for tax years in which you received a refund of the credit for increased research activities is zero.

Part 4 - Refundable Portion of the Current Taxable Year's Excess Credit

Only complete this section if you checked the "Yes" box in Part 1, line 1 or Part 1, line 3, and elect to receive a refund of 75% of your excess credit. The excess credit is the current taxable year's credit for increased research activities less the current taxable year's tax liability. Carryovers of the credit for increased research activities from previous taxable years will carry over for possible use in the next taxable year, provided they do not expire this taxable year.

NOTE: *If you complete Part 4 and are receiving a refund, do not complete Part 7.*

Line 26 -

Enter the amount from Part 3, line 25.

Line 27a -

Enter the amount from Form 140, line 48; or Form 140PY, line 61; or Form 140NR, line 58; or Form 140X, line 33.

Line 27b -

Enter the current year’s nonrefundable tax credits from Form 301, excluding the credit or carryovers for increased research activities.

Line 27c -

Subtract line 27b from line 27a. Enter the difference. If the difference is zero or more, enter it on Part 8, line 51; also enter it on Form 301, Part 1, line 5, column (a), and Form 301, Part 2, line 46. If the difference is less than zero, enter zero. This is the current year’s credit for increased research activities that will be used to offset the current taxable year's tax liability.

Line 28 -

Subtract the amount on line 27c from line 26. Enter the difference. If the result is less than zero, enter zero, because no refund is available. This is the current year's excess credit.

Line 29 -

Multiply the amount on line 28 by 75% (.75) and enter the result. This is your tentative refundable credit.

Line 30 -

Enter the amount from Part 1, line 2 or Part 1, line 5. This is the maximum refundable credit.

Line 31 -

Enter the lesser of line 29 or line 30. Complete Part 5 and Part 6 if you have carryovers from prior taxable years. Skip Part 7.

Enter the amount from line 31 on Form 140, line 57; or Form 140PY, line 69; or Form 140NR, line 64; or Form 140X, line 40. On the same line, be sure to check box 308-I indicating you are claiming a refundable credit for increased research activities.

NOTE: *If you complete Part 4 and are receiving a refund, do not complete Part 7.*

Part 5 - Available Pre-2003 Credit Carryover

Use Part 5 to compute the carryover of the credit for increased research activities from taxable years beginning January 1, 2001 through December 31, 2002. Since the credit for increased research activities applies only to individuals for taxable years beginning after December 31, 2000, there is no available credit carryover from taxable years beginning prior to January 1, 2001. Compute the total available carryover of the credit for increased research activities on Part 5, lines 32 through 34.

In column (b), enter the credit originally computed for taxable year 2001 and 2002. In column (c), enter the amount of the credit from taxable years 2001 and 2002 which has already been used. Subtract the amount in column (c) from column (b) and enter the difference in column (d). Add the amounts entered on lines 32 and 33 in column (d). Enter the total on line 34, column (d). This is the total credit carryover available for years beginning before January 1, 2003.

Part 6 - Available Post-2002 Credit Carryover

Use Part 6 to compute the carryover of the credit for increased research activities from taxable years beginning on or after January 1, 2003.

In column (b), enter the credit originally computed for taxable years 2003 and subsequent years. In column (c), enter the amount that has already been used. Subtract the amount in column (c) from column (b) and enter the difference in column (d). Add the amounts entered on lines 35 through 45 in column (d). Enter the total on line 46, column (d). This is the total credit carryover available for years beginning on or after January 1, 2003.

REMINDER: If you received a refund of the credit for increased research activities in 2010, 2011, 2012, or 2013, no carryover is available in those years. In this case, enter zero in column (d) for those tax years.

Part 7 - Limitation of Credit Carryovers

Use Part 7 to figure the limitations on use of credit carryovers. Complete lines 47a through 50 if you claimed the credit on a prior year return and the credit was more than your tax.

NOTE: *If you completed Part 4 and are receiving a refund, do not complete Part 7.*

LIMITATION FOR CREDIT CARRYOVERS FROM TAXABLE YEARS BEGINNING JANUARY 1, 2001 THROUGH DECEMBER 31, 2002. There is an additional limitation on how much you can use of your available credit carryovers included in the amount from Part 5, line 34, column (d). To calculate the limitation, you must first compare the amount of your tax liability with $500,000, and select the lower of those two numbers. Then, subtract your current year's credit for increased research activities from the number you selected. Use your entire current year's credit for increased research activities for this computation, even if you will not be able to claim that entire amount on your current year's tax return. If the result of your calculation is zero or less, you will not be able to use your credit carryforward from taxable years beginning January 1, 2001 through December 31, 2002, to reduce your current year's tax liability. However, you may still be able to use your credit carryover from 2003 and later.

LIMITATION FOR CREDIT CARRYOVERS FROM TAXABLE YEARS BEGINNING ON OR AFTER JANUARY 1, 2003. The amount of credit carryover from taxable years beginning on or after January 1, 2003, is only limited by the amount by which your current year's tax liability exceeds your current year's credit for increased research activities.

Line 47a -

Enter your tax liability from Form 301, Part 2, line 39.

Line 47b -

Enter the current year's total credit from Part 3, line 25.

Line 47c -

Subtract line 47b from line 47a and enter the difference. If the difference is zero or less, enter zero.

Line 48a -

Enter your available pre-2003 credit carryover from Part 5, line 34, column (d).

Line 48b -

If the amount on line 47a is lower than $500,000, enter that number on line 48a. If it is not, enter $500,000.

Line 48c -

Subtract line 47b from line 48b and enter the difference. If the result is zero or less, enter zero.

Line 48d -

Compare the numbers on lines 48a and 48c, and enter the lowest number here. This is the amount of pre-2003 carryover you may use to reduce your current year's Arizona tax liability.

Line 49 -

Subtract line 48d from line 47c and enter the difference.

Line 50 -

Compare the amounts on Part 6, line 46, column (d), and on Part 7, line 49, and enter the lowest amount here. This is the amount of post-2002 carryover you may use to reduce your current year's Arizona tax liability.

Part 8 - Total Available Nonrefundable Credit

Complete this section to compute the total available credit for the taxable year. The total available credit is the sum of the current taxable year's credit for increased research activities and the available credit carryover(s).

Line 51 -

If you completed Part 4 and are receiving a refund, enter the amount from Part 4, line 27c. Otherwise, enter the amount from Part 3, line 25. This is the current taxable year's credit for increased research activities.

Line 52 -

If you completed Part 4 and are receiving a refund, enter zero. Otherwise, enter the amount from Part 7, line 48d. This is the amount of the pre-2003 carryover that you may use to reduce your current year's Arizona tax liability.

Line 53 -

If you completed Part 4 and are receiving a refund, enter zero. Otherwise, enter the amount from Part 7, line 50. This is the amount of the post-2002 carryover that you may use to reduce your current year's Arizona tax liability.

Line 54 -

Add the amounts on lines 51, 52, and 53. This is the total available credit for increased research activities that may be applied to your current taxable year's tax liability. Enter the total here and on Arizona Form 301, Part 1, line 5, column (c).

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Arizona Form **309**

Credit for Taxes Paid to Another State or Country

2014

Include with your return. A separate form must be filed for each state or country for which a credit is claimed.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Your Name as shown on Form 140, 140NR, 140PY or 140X	Your Social Security Number
Spouse's Name as shown on Form 140, 140NR, 140PY or 140X (if joint return)	Spouse's Social Security Number

Part 1 Computation of Income Subject to Tax by Both Arizona and the Other State or Country During 2014

Other State: If claiming a credit for taxes paid to another state, enter the two-letter abbreviation for that state. See last page of the instructions for a list of state abbreviations ..... ___

Other Country: If claiming a credit for taxes paid to another country, enter the name of that other country .... _____

	(a)	(b)	(c)
1 Description of income item(s). List each income item separately.			

		(a)	(b)	(c)
2 Amount of income from item listed on line 1 reportable to both Arizona and the other state or country	2	$ 00	$ 00	$ 00
3 Portion of income on line 2 included in Arizona adjusted gross income	3	$ 00	$ 00	$ 00
4 Portion of income on line 2 included in the other state's or country's equivalent of Arizona adjusted gross income	4	$ 00	$ 00	$ 00
5 Income subject to tax by both Arizona and the other state or country. Enter the smaller of the amount entered on line 3 or line 4	5	$ 00	$ 00	$ 00
6 Total income subject to tax in both Arizona and the other state or country. Add line 5, columns (a), (b), and (c)	6			$ 00

Part 2 Computation of Other State or Country Tax Credit

(Read specific line instructions for Part 2 before completing this part.)

7 Arizona tax liability less any credits (except other state tax credit)	7	00
8 Amount from Part 1, line 6	8	00
9 Entire income upon which Arizona tax is imposed. See instructions	9	00
10 Divide the amount on line 8 by the amount on line 9 (cannot be greater than one)	10	.
11 Multiply the amount on line 7 by the decimal on line 10	11	00
12 Income tax paid to: Name of other state or country. See Instructions ..... _____	12	00
13 Amount from Part 1, line 6	13	00
14 Entire income upon which other state's or country's income tax is imposed. See instructions	14	00
15 Divide the amount on line 13 by the amount on line 14 (cannot be greater than one)	15	.
16 Multiply the amount on line 12 by the decimal on line 15	16	00
17 Allowable credit for taxes paid to the above named other state or country: Enter the smaller of line 11 or line 16. See instructions	17	00

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

Schedule of Income Allocation

Complete this schedule only if you are an Arizona resident who is also considered to be a resident of another state under the laws of that other state (dual resident); otherwise skip this schedule. See pages 2 and 8 of the instructions.

		(a) Amount reported on your 2014 federal return	(b) Amount entered in column (a) reported on your 2014 Form 140	(c) Amount entered in column (a) reported on your 2014 return filed to your statutory state of residence	(d) Amount entered in column (c) that would be sourced to your statutory state of residence as income of a nonresident of that state
1	Wages, salaries, tips, etc.	$ 00	$ 00	$ 00	$ 00
2	Interest	$ 00	$ 00	$ 00	$ 00
3	Dividends	$ 00	$ 00	$ 00	$ 00
4	Business income or (loss) from federal Schedule C	$ 00	$ 00	$ 00	$ 00
5	Gains or (losses) from federal Schedule D	$ 00	$ 00	$ 00	$ 00
6	Rents, royalties, partnerships, estates, trusts, small business corporations from federal Schedule E	$ 00	$ 00	$ 00	$ 00
7	Other income reported on your federal return	$ 00	$ 00	$ 00	$ 00
8	Total Income: Add lines 1 through 7	$ 00	$ 00	$ 00	$ 00
9	Other federal adjustments: List on lines 9a through 9c:				
9a		$ 00	$ 00	$ 00	$ 00
9b		$ 00	$ 00	$ 00	$ 00
9c		$ 00	$ 00	$ 00	$ 00
9d	Total adjustments: Add lines 9a through 9c for each column	$ 00	$ 00	$ 00	$ 00
10	Adjusted Gross Income: Subtract line 9d from line 8 for each column	$ 00	$ 00	$ 00	$ 00

2014 Credit for Taxes Paid to Another State or Country

Arizona Form 309

Phone Numbers

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 and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

Publications and Brochures
To view or print the department's publications and brochures, go to our website and click on *Publications*.

Purpose of Form

Use Arizona Form 309 to figure your credit for taxes paid to Arizona and another state or country on the same income. If claiming a credit for more than one state or country, make a separate computation for each state or country.

If you are not sure what amounts you should enter on Form 309, the department has issued an income tax procedure (ITP) to help you figure out what amounts you should use. For more information, see the department's procedure, ITP 08-1, *Procedure for Calculating Credit for Taxes Paid to Another State or Country by Arizona Resident Individuals*.

NOTE: *You must notify the department immediately if the other state or country credits or refunds taxes for which you have received an Arizona credit. In this case, you must file an amended return.*

Complete this form only if you meet the following.

1. You are filing a 2014 Arizona income tax return.
2. You paid a **net** income tax to another qualified state or country for 2014.

- If you are claiming a credit for taxes paid to another state, payroll taxes withheld from income do not constitute a net income tax. Having tax withheld from your pay by Arizona and another state does not by itself qualify you for this credit. You must file a net income tax return to the other state.
- If you are claiming a credit for taxes paid to another country, a net income tax paid to another country includes those taxes that qualify for a credit under Internal Revenue Code (IRC) §§ 901 and 903.

NOTE: *To claim a credit for taxes paid to a foreign country, you must complete Form 309. You must complete Form 309 even if you did not have to complete federal Form 1116 to claim a credit on your federal return.*

You may not claim this credit for the following.

1. Income taxes paid to any city or county.
2. Interest or penalties paid to another state or country.

NOTE: *If you file an amended return after you claim this credit, be sure to recalculate the credit, if required.*

Application of Credit

Claim this credit only if the income was subject to tax in both Arizona and the other state or country in the same tax year.

You cannot apply this credit against interest or penalties payable to Arizona.

NOTE: *You may use this credit only in the year incurred. You cannot carry the credit forward to the next year. You also cannot carry the credit back to a prior year.*

Arizona Resident

Arizona residents are allowed a credit against Arizona income taxes for net income taxes imposed by and paid to another state or country if the following apply.

1. The income taxed in Arizona is derived from sources within another state or country. This income is subject to a net income tax in the other state or country regardless of your residence.
2. The other state or country does not allow Arizona residents a credit for taxes imposed on income subject to tax in both Arizona and the other state or country.

As an Arizona resident, nonresident returns filed with the following states qualify for the credit:

Alabama, Arkansas, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota*, Mississippi, Missouri, Montana, Nebraska, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Utah, Vermont, West Virginia and Wisconsin.

***Minnesota** sources the sale of certain partnership interests to Minnesota. Minnesota allows an Arizona resident a credit for taxes paid to Minnesota for the sale of a partnership interest that is subject to Minnesota tax. As an Arizona resident, you cannot claim this credit for taxes paid to Minnesota on the sale of a partnership interest that is sourced to Minnesota.

NOTE: *This list is subject to change at any time.*

Important: *As an Arizona resident, nonresident returns filed with the following states* ***DO NOT QUALIFY*** *for the credit:*

Alaska, California, District of Columbia, Florida, Indiana, Nevada, New Hampshire, Oregon, South Dakota, Tennessee, Texas, Virginia, Washington and Wyoming.

Nonresident

A credit against Arizona income taxes is allowed for Arizona nonresidents who are not allowed a credit by their state or country of residence for taxes paid to Arizona if either:

1. The other state or country does not tax Arizona residents on income derived from sources within the other state or country.

2. The other state or country allows Arizona residents credit for taxes paid on income subject to tax by the other state or country and Arizona.

Arizona nonresidents who file resident returns with the following states qualify for the credit:

California, Indiana, Oregon, and Virginia.

NOTE: This list is subject to change at any time.

Part-Year Residents

For that part of the year you were a resident of Arizona, follow the instructions for residents.

For that part of the year you were an Arizona nonresident, follow the instructions for nonresidents.

Dual Resident

You may be eligible to claim the credit if you are a full-year Arizona resident filing Arizona Form 140 and you are also considered to be a resident of another state under the laws of that other state. Figure your credit for taxes paid to Arizona and that other state on the same income that is taxable by both Arizona and the other state, but only on income that would be sourced to the other state if you had to report that income as a nonresident.

You may claim the credit as a dual resident if you meet the following.

1. You are filing a 2014 full-year Arizona resident income tax return.
2. You are considered to be a resident of another state under the laws of that other state.
3. You paid a **net** income tax to that other state.

An Arizona resident who is also considered to be a resident of another state under the laws of that state is allowed a credit against Arizona income taxes for net income taxes imposed by and paid to that other state if the following apply.

1. The other state taxes the income of the Arizona resident and does not allow the Arizona resident a credit for taxes imposed on income subject to tax in both Arizona and the other state.
2. The credit is allowed only for taxes imposed on income that would have been sourced to the other state if the Arizona resident had filed as a nonresident to the other state.

If you are an Arizona full-year resident and also considered to be a resident of another state under the laws of that other state, complete the *Schedule of Income Allocation,* on page 2 of Form 309 before you complete page 1 of Form 309.

Required Forms

If you are claiming a credit for taxes paid to another state, you must include a copy of the tax return filed to the other state.

If you are claiming a credit for taxes paid to a foreign country, include the following information with your Arizona income tax return.

1. A copy of the tax return you filed to the foreign country. If you are claiming a credit for taxes paid to a foreign country for amounts withheld at the source, and are not required to file a return with that country, include documentation showing the amount of tax imposed and paid.
2. If the tax is paid in a foreign currency, a statement substantiating the conversion rate on the date of payment. Identify your authority for your conversion rate.

Line-by-Line Instructions

Enter your name and SSN as shown on Arizona Form 140, Form 140NR, Form 140PY, or Form 140X.

Make sure that every return, statement, or document that you file with the department has your SSN. Failing to include the proper numbers may subject you or your preparer to a penalty. Make sure that all of the required identification numbers are clear and correct. Your return may take longer to process if identification numbers are missing, incorrect, or unclear.

If your name appears first on the return, make sure your SSN is the first number listed.

Part 1 - Computation of Income Subject to Tax by Both Arizona and the Other State or Country During 2014

If you are claiming a credit for income taxes paid to another state, enter in the space provided, the two-letter abbreviation for that state. See the last page of these instructions for a list of state abbreviations.

If you are claiming a credit for income taxes paid to another country, enter the name of that country on the line provided.

In order for income to be taxed by both Arizona and another state or country, the following must exist.

For an Arizona resident:

1. The same income must be taxed by both Arizona and the other state or country; and
2. The income must have its source within the other state or country.

For a nonresident:

1. The same income must be taxed by both Arizona and the other state or country; and
2. The income must have its source within Arizona.

Lines 1 through 6 -

Provide a breakdown of your income which is subject to tax in both Arizona and the other state or country. Complete lines 1 through 5 separately for each income item listed in columns (a) through (c). If you have more than three items of income from the other state or country for which you are claiming the credit, complete additional schedules.

If you are an Arizona resident who is also considered to be a resident of another state under the laws of that other state, complete the *Schedule of Income Allocation*, on page 2 of Form 309 before you complete Part I, lines 1 through 6 of Form 309.

Line 1 -

Identify the income item from which the income subject to tax in both Arizona and the other state or country is derived. If you have more than one income item, complete column(s) (b) and (c), as necessary. Examples of such income are business income, partnership income, wages, etc.

Enter an item in column (a) only if your Arizona adjusted gross income and the adjusted gross income of the return filed with the other state or country includes the income from that item.

If you are an Arizona resident and also considered to be a resident of another state, enter the income item and amount from column (d) of the *Schedule of Income Allocation.*

If you are claiming a credit for taxes paid to another country, and that country withheld at the source, and you are not required to file a return with that country, enter the item of income from which the foreign taxes were withheld.

Line 2 -

Enter the amount of income from the item listed on line 1 reportable to both Arizona and the other state or country. This is the amount of income derived from that item which you must include in the income reported to both Arizona and the other state or country.

Line 3 -

Enter that portion of income on line 2 included in your Arizona adjusted gross income. This amount is that portion of the amount of income included on line 2 that is also included in your Arizona gross income adjusted by any additions or subtractions related to that income required under Arizona law.

For example, during the tax year, Taxpayer A, a full-year Arizona resident, had Schedule C business income of $50,000 from State P. This $50,000 of Schedule C income is reportable to both Arizona and to State P. For federal purposes, Taxpayer A included the $50,000 in federal adjusted gross income, but also reduced that Schedule C business income by ½ of the self-employment tax related to that income ($3,532) and by the amount of self-employed health insurance deduction ($6,000). Therefore, only $40,468 ($50,000 – ($3,532 + $6,000)) of the $50,000 Schedule C income is included in Taxpayer A's Arizona gross income. Arizona law requires no further additions or subtractions related to this Schedule C income included in Taxpayer A's Arizona gross income. Therefore, the amount of Schedule C income included in Taxpayer A's Arizona adjusted gross income would be $40,468. Taxpayer A would enter $40,468 on line 3.

Line 4 -

Enter that portion of income on line 2 which is included in the other state's or country's equivalent of Arizona adjusted gross income. If you are a full-year Arizona resident filing a nonresident return to the other state or country, this would be the other state's or country's income computed under the equivalent of Arizona Revised Statute (A.R.S.) § 43-1094 (adjusted gross income of a nonresident). In other words, the income computed as if only source income were included, and then adjusted by any additions or subtractions related to that income required under the other state's or country's law.

For example, during the tax year, Taxpayer A, a full-year Arizona resident, had Schedule C business income of $50,000 from State P. This $50,000 of schedule C income is reportable to both Arizona and to State P. For federal purposes, Taxpayer A included the $50,000 in federal adjusted gross income, but also reduced that Schedule C business income by ½ of the self-employment tax related to that income ($3,532) and by the amount of self-employed health insurance deduction ($6,000). Taxpayer A was required to make these same adjustments on the return filed to State P. Therefore, only $40,468 ($50,000 – ($3,532 + $6,000)) of the $50,000 Schedule C income is included in State P's equivalent of Arizona gross income. Additionally, State P law allows Taxpayer A to subtract an additional $2,000 of depreciation related to the Schedule C income. Therefore, the amount of Schedule C income included in State P's equivalent of Arizona adjusted gross income would be $38,468 ($40,468 - $2,000). Taxpayer A would enter $38,468 on line 4.

NOTE: *If you are claiming a credit for taxes paid to another country, and that country withheld at the source, and you are not required to file a return with that country, enter the amount of income subject to tax in that foreign country.*

Line 5 -

Enter the smaller of the amount entered on line 3 or line 4. This is the amount of income from that item which is subject to tax by both Arizona and the other state or country.

Line 6 -

Add line 5, columns (a) through (c). This is the total income subject to tax in both Arizona and the other state or country. Enter the amount from Part 1, line 6, on Part 2, line 8, and also on Part 2, line 13.

NOTE: *The amounts on lines 2 through 5 may be the same. However, differences may occur due to the application of the other state's law. See the following example.*

The following example illustrates how to complete lines 1 through 6 of Arizona Form 309. If you are an Arizona resident who is also considered to be a resident of another state under the laws of that other state, see the example following the instructions for the *Schedule of Income Allocation* for an example of how to complete lines 1 through 6 of Form 309.

EXAMPLE:

Facts:

Mr. and Mrs. M are Arizona residents. Mr. M is an active duty military member who is stationed in State X. Mr. M receives wages from the military and from a part-time job in State X. Mr. and Mrs. M receive rental income from property in Arizona. During the taxable year for which the credit is being claimed, Mr. and Mrs. M received the following income.

Mr. M's military wages	$ 15,000
Mr. M's part-time employment wages	$ 10,000
Rental income from AZ property	$ 20,000
Total Income	$ 45,000

As Reported on State X Return		As Reported on Arizona Return	
Federal adjusted gross income	$ 45,000	Federal adjusted gross income	$ 45,000
Less non-state X income (military & rental income)	$ (35,000)	Less subtractions from income (military income of $15,000 and dependent exemption of $2,300)	$ (17,300)
Less subtraction for second job income	$ (1,000)	Arizona adjusted gross income	$ 27,700
State X adjusted gross income	$ 9,000		

Mr. and Mrs. M must include Mr. M's part-time employment wages of $10,000 in both the Arizona gross income and the State X's equivalent of Arizona gross income. Therefore, the amount of wage income reportable to both Arizona and State X is $10,000. For Arizona purposes, there are no additions or subtractions related to that $10,000 wage income included in Arizona gross income, so the entire $10,000 of wage income is included in Arizona adjusted gross income. However, under State X law, $1,000 of the $10,000 wage income is subtracted from State X's equivalent of Arizona adjusted gross income, so only $9,000 of that $10,000 is included in State X's equivalent of Arizona adjusted gross income. Mr. and Mrs. M complete lines 1 through 6 of Form 309 as follows:

		(a) wages
1.	Description of income items	
2.	Amount of income from item listed on line 1, reportable to both Arizona and the other state or country.	$10,000
3.	Portion of income on line 2 included in Arizona adjusted gross income.	$10,000
4.	Portion of income included on line 2 included in the other state's or country's equivalent of Arizona adjusted gross income.	$ 9,000
5.	Income subject to tax by both Arizona and the other state or country. Enter the smaller of the amount entered on line 3 or 4.	$ 9,000
6.	Total income subject to tax in both Arizona and the other state or country.	$ 9,000

Part 2 - Computation of Other State or Country Tax Credit

Line 7 -

Enter your Arizona tax liability less any credits. However, do not reduce your Arizona tax liability by the other state tax credit.

For 2014, your Arizona tax liability prior to tax credits can be found on the following line number.

Arizona Form	Line Number
140	46
140PY	59
140NR	56
140X	30

NOTE: *If you are taking other tax credits, you must reduce your Arizona tax by the amount of those other tax credits. For the purpose of this computation, be sure to reduce your Arizona tax by both refundable and nonrefundable credits.*

Line 8 -

Enter amount from Part I, line 6.

Line 9 - Entire Income Upon Which Arizona Tax is Imposed

Enter your entire income upon which Arizona tax is imposed. This is the Arizona adjusted gross income excluding allowable exemptions for age 65 or over, blind, dependents, or qualifying parents and grandparents.

Use the appropriate worksheet below to figure your entire income upon which Arizona tax is imposed.

Worksheet for Arizona Residents	
1. Enter the amount from Arizona Form 140, page 2, line 42.	
2. Enter the total amount from Arizona Form 140, page 2, lines 38 through 41.	
3. Add the amount on lines 1 and 2. Enter the total here and on line 9 of Form 309.	

Worksheet for Arizona Nonresidents	
1. Enter the amount from Arizona Form 140NR, page 2, line 52.	
2. Enter the amount from Form 140NR, Page 2, line 51.	
3. Add the amounts on lines 1 and 2. Enter the total here and on line 9 of Form 309.	

Worksheet for Arizona Part-Year Residents With No Arizona Source Income for the Period of the Year in Which You Were an Arizona Nonresident	
1. Enter the amount from Arizona Form 140PY, page 2, line 55.	
2. Enter the amount from Form 140PY, page 2, line 54.	
3. Add the amounts on lines 1 and 2. Enter the total here and on line 9 of Form 309.	

Part-Year Residents With Arizona Source Income for the Period of the Year in Which You Were an Arizona Nonresident

If you have Arizona source income for the period of the year in which you were an Arizona nonresident, you must separately determine the amount of Arizona adjusted gross income for the period in which you were a resident and the amount of Arizona adjusted gross income for the period in which you were a nonresident. These figures are not separately stated on any particular line on your Arizona Form 140PY.

Lines 10 and 11

Follow the instructions on the form for lines 10 and 11.

Line 12 -

Enter the amount of income tax paid to the other state or foreign country. Do not include federal income taxes or any taxes paid to a city or county. Also, do not include any amount paid to the other state or foreign country for penalty or interest. Amounts of tax paid or accrued to a foreign country do not include amounts that are reasonably certain to be refunded, credited, rebated, abated, or forgiven. Also enter the name of the other state or country to which income tax was paid.

Line 14 - Entire Income Upon Which Other State's or Country's Income Tax is Imposed

Enter the entire income upon which the other state's or country's income tax is imposed. This is the other state's or country's equivalent of Arizona adjusted gross income, but does not include exemptions allowable under the equivalent of A.R.S. § 43-1023. Such income must include items of income and loss, but not exemptions and itemized or standard deductions. Such income must also be adjusted by any additions or subtractions required under the other state's law which relate to the income from sources within the other state. This amount may not be shown on a specific line of the return filed with the other state.

If you are claiming a credit for taxes paid to another country, and that country withheld at the source, and you are not required to file a return with that country, enter the amount of income subject to tax in that foreign country.

NOTE FOR ARIZONA RESIDENTS ONLY: *Since the other state can only tax a nonresident on income which is sourced to that state, the entire income upon which the other state's income tax is imposed includes only income sourced to that other state under its income tax laws. Source income is generally income derived from property located within a state or from an activity carried on within a state when the income recipient is a nonresident.*

NOTE: *You may not be able to take the entire income upon which the other state's or country's tax is imposed from a specific line on the return filed to the other state or country. If you must determine this amount, include a schedule.*

The example following line 17 illustrates how an Arizona resident figures the entire income subject to tax in the other state or country.

If you have questions concerning what amount to enter on line 14, call one of the phone numbers listed at the beginning of these instructions.

Lines 15 and 16

Follow the instructions on the form for lines 15 and 16.

Line 17 -

Enter the smaller of line 11 or line 16. If this is the only state or country for which you are claiming a credit, also enter this amount on Arizona Form 301, Part 1, line 6, column (a).

If you are claiming a credit for more than one state or country, make a separate computation for each. Enter the total from all Arizona Forms 309 on Arizona Form 301, Part 1, line 6, column (a).

EXAMPLE:

The following example will illustrate how to figure a credit for taxes paid to another state.

Facts: Mr. and Mrs. F are Arizona residents who derive income from a farm in State XY. During the taxable year for which the credit is being claimed, Mr. and Mrs. F had the following income.

Interest income	$ 38,000
Dividend income	$ 4,000
Farm income from State XY	$ 16,000
Total income	$ 58,000

As Reported on Arizona Return

Federal adjusted gross income	$ 58,000
Less dependent exemption $2,300	(2,300)
Arizona adjusted gross income	$ 55,700
Itemized deductions	(12,000)
Personal exemptions	(6,300)
Arizona taxable income	37,400
Arizona tax	1,020
Credit for Contributions to Public Schools	(300)
Arizona tax liability	720

As Reported on State XY Return		**As Reported on State XY Income Allocation Schedule**		
1. Federal adjusted gross income	$ 58,000		***Column A*** Income from federal return	***Column B*** Income from Column A from State XY sources
2. Plus State XY additions	0	1. Wages		
3. Less State XY subtractions	0	2. Interest	38,000	
4. State XY adjusted gross income	$ 58,000	3. Dividends	4,000	
5. Itemized Deductions	(11,000)	4. Farm Income	16,000	16,000
6. Exemptions	(3,000)	5. Capital Gains		
7. State XY taxable income	$ 44,000	6. Rents, Sub S, Royalties, Partnership		
8. State XY tax	1,760			
9. Percentage from Income Allocation Schedule	0.2759	7. Other Income		
10. State XY tax on income sourced to State XY. Multiply line 8 by line 9.	$ 486	8. Total income	58,000	16,000
		9. Tax proration Divide line 8 Column B by Line 8, Column A	16,000/58,000 = .2759	

Credit Computation:

Mr. and Mrs. F complete the Arizona Form 309 as follows:

Arizona Form 309

Part I - Computation of Income Subject to Tax by Both Arizona and the Other State or Country

1. Description of income item(s)	(a) Farm income	(b)
2. Amount of income from item listed on line 1, reportable to both Arizona and the other state or country.	$16,000	
3. Portion of income on line 2 included in Arizona adjusted gross income.	$16,000	
4. Portion of income on line 2 included in State XY's equivalent of Arizona adjusted gross income.	$16,000	
5. Income subject to tax by both Arizona and the other state or country. Enter the lesser of amount entered on line 3 or line 4.	$16,000	
6. *Total income subject to tax in both Arizona and the other state or country.		$16,000

Part II - Computation of Other State or Country Tax Credit

7.	**Arizona tax liability less any credits (except other state tax credit)	7	720	
8.	Amount from Part 1, line 6	8	16,000	
9.	***Entire income upon which Arizona income tax is imposed	9	58,000	
10.	Divide the amount on line 8 by the amount on line 9 (cannot be greater than 1)	10	.2759	
11.	Multiply the amount on line 7 by the decimal on line 10	11	199	
12.	Income tax paid to State XY (tax less credits)	12	486	
13.	Amount from Part 1, line 6	13	16,000	
14.	****Entire income upon which State XY income tax is imposed	14	16,000	
15.	Divide the amount on line 13 by the amount on line 14 (cannot be greater than 1)	15	1.0000	
16.	Multiply the amount on line 12 by the decimal on line 15	16	486	
17.	Other state or country tax credit. Enter the lesser of line 11 or line 16	17	199	

*** Lines 1 through 6 - Income subject to tax in both Arizona and State XY**

Mr. and Mrs. F must report State XY farm income of $16,000 in both Arizona gross income and State XY's equivalent of Arizona gross income. There are no additions or subtractions related to the $16,000 farm income required under either Arizona law, or State XY law. Therefore, $16,000 of farm income is included in Arizona adjusted gross income and $16,000 of farm income is included in State XY's equivalent of Arizona adjusted gross income.

****Line 7 - Arizona tax liability**

For the purpose of the credit, Mr. and Mrs. F compute the Arizona tax liability as follows:

Arizona tax	$1,020
Less public school tax credit	(300)
Arizona tax Liability	$ 720

*****Line 9 - Entire income upon which Arizona tax is imposed**

For the purpose of the credit, Mr. and Mrs. F compute the entire income upon which Arizona tax is imposed as follows:

Arizona adjusted gross income	$55,700
Plus dependent, blind, age 65 or over, and qualifying parent and grandparent exemptions	2,300
Entire income upon which Arizona income tax is imposed	$58,000

******Line 14 - Entire income upon which State XY tax is imposed**

This is the entire income upon which State XY tax is imposed. This is State XY's equivalent of Arizona adjusted gross income for these individuals. Since these individuals are nonresidents of State XY, State XY's equivalent of Arizona adjusted gross income (not including exemptions and standard or itemized deductions), includes only that income which is sourced to State XY. It should be noted that in this case, the entire income upon which State XY income tax is imposed had to be determined. This amount was

not separately shown on a specific line of the State XY return, since State XY computes its tax on the total income and then prorates that tax to reflect the tax attributable to income derived from sources within State XY. For the purpose of the credit, Mr. and Mrs. F compute the entire income upon which State XY tax is imposed as follows:

Mr. and Mrs. F's Farm income sourced to State XY (State XY'S equivalent of Arizona adjusted gross income computed under A.R.S. § 43-1094)	$16,000
Plus State XY's equivalent of Arizona's dependent exemptions	0
Entire income upon which State XY tax is imposed	$16,000

Form 309, Page 2 – Schedule of Income Allocation Instructions

Complete page 2, *Schedule of Income Allocation*, only if you are a full-year Arizona resident who is also considered a resident of another state under the laws of that other state.

All other taxpayers skip page 2, *Schedule of Income Allocation.*

NOTE: *If you are a full-year Arizona resident that is also considered to be a resident of another state under the laws of that other state, you must complete the* Schedule of Income Allocation *on page 2 of Form 309 before you complete page 1 of Form 309.*

Because the credit allowed for a full-year Arizona resident that is also considered to be a resident of another state is for taxes paid to that other state on income sourced to that other state, you must complete the *Schedule of Income Allocation*, before you can complete lines 1 through 6 of Form 309.

This schedule allocates income between income sourced to the other state and income from everywhere else that is taxable to the other state. Complete column (a) before completing columns (b) through (d). On lines 1 through 10 of column (a), for each line, enter the amounts reported on your federal income tax return. In column (b), enter the amounts listed in column (a) that are included in income reported on your Arizona return. In column (c), enter the amounts listed in column (a) that are included in income reported on the return filed with the other state. In column (d), enter the amounts listed in column (c) that would be sourced to the other state if you were a nonresident of that state filing a nonresident return to that state.

The following example illustrates how to complete Form 309 for an Arizona resident who is also considered to be a resident of another state under the laws of that other state.

EXAMPLE:

Facts:

Mr. and Mrs. R are Arizona residents who are temporarily living and working in State Z. They will be there for one year and then they will return to Arizona. During the current taxable year, Mr. and Mrs. R have been living and working in State Z for 10 and one-half months. Because Mr. and Mrs. R have been living in State Z for more than 183 days during the tax year, State Z considers Mr. and Mrs. R to be residents of State Z and taxes all of their income from the time they moved to State Z. Because Mr. and Mrs. R are Arizona residents who are temporarily out of Arizona, they are still full-year Arizona residents for Arizona income tax purposes and must file a full-year Arizona income tax return and include all income for the taxable year, wherever derived. For the taxable year, Mr. and Mrs. R have the following income.

Mr. R's wages from employment in Arizona	$ 15,000
Mr. R's wages from employment in State Z	$ 42,000
Mrs. R's wages from employment in State Z	$ 5,000
Interest income	$ 5,000
Rental income from AZ property	$ 20,000
Total income	$ 87,000

As Reported on State Z Return		As Reported on Arizona Return	
Wages (Mr. R's State Z wages $42,000 + Mrs. R's State Z wages $5,000)	$ 47,000	Federal adjusted gross income	$ 87,000
Interest income received after moving to State Z	4,375	Less subtractions from income (dependent exemption $2,300)	(2,300)
Rental income from Arizona property received after moving to State Z	17,500	Arizona adjusted gross income	$ 84,700
State Z gross income	68,875	Arizona itemized deductions	(12,000)
Plus additions to income	0	Arizona personal exemption	(6,300)
Less subtractions (dependent $4,000)	(4,000)	Arizona taxable income	$ 66,400
State Z adjusted gross income	$ 64,875	Arizona tax	$ 1,933
State Z itemized deductions	(9,500)		
State Z personal exemptions	(7,500)		
State Z taxable income	$ 47,875		
State Z tax	$ 2,154		

Before Mr. and Mrs. R can complete Form 309, they must complete the *Schedule of Income Allocation* on page 2 of Form 309. This will help Mr. and Mrs. R determine the income that is taxable in both Arizona and State Z that would be sourced to State Z if Mr. and Mrs. R were filing a nonresident return to State Z.

Schedule of Income Allocation

	(a) Reported on your 2014 federal return	(b) Amount Entered in column (a) Reported on Your 2014 Form 140	(c) Amount Entered in column (a) Reported on Your Return Filed to Your Statutory State of Residence	(d) Amount Entered in column (c) That Could be Sourced to Your Statutory State of Residence as Income of a Nonresident of that State
1. Wages, salaries, tips, etc.	62,000	62,000	47,000	47,000
2. Interest	5,000	5,000	4,375	0
3. Dividends				
4. Business income (or loss) from federal Schedule C				
5. Gains (or losses) from federal Schedule D				
6. Rents, royalties, partnerships, estates, trusts, small business corporations from federal Schedule E	20,000	20,000	17,500	0
7. Other income reported on your federal return				
8. Total income: *Add lines 1 through 7*	87,000	87,000	68,875	47,000
9a. Other federal adjustments. *List*				
9b.				
9c.				
9d. Total adjustments. *Add lines 9a through 9c for each column.*	0	0	0	0
10. Adjusted gross income. *Subtract the sum of amounts entered on line 9d from line 8.*	87,000	87,000	68,875	47,000

If Mr. and Mrs. R had filed a nonresident return to State Z, they would have reported $47,000 of wage income to State Z as State Z source income. Therefore, when Mr. and Mrs. R complete Form 309, they would complete lines 1 through 6 as follows:

	(a)	(b)
1. Description of Income Items	Wages	
2. Amount of income from item listed on line 1, reportable to both Arizona and State Z.	$47,000	
3. Portion of income on line 2 included in Arizona adjusted gross income.	$47,000	
4. Portion of income on line 2 included in State Z's equivalent of Arizona adjusted gross income.	$47,000	
5. Income subject to tax by both Arizona and State Z. Enter the smaller of line 3 or line 4.	$47,000	
6. *Total income subject to tax in both Arizona and State Z.	$47,000	

Part II – Computation of Other State or Country Tax Credit		
7. Arizona tax liability less any credits (except other state tax credit)……..	7	1,933
8. Amount from Part I, line 6…….....	8	47,000
9. ** Entire income upon which Arizona income tax is imposed…….....	9	87,000
10. Divide the amount on line 8 by the amount on line 9 (cannot be greater than 1)…….....	10	.5402
11. Multiply the amount on line 7 by the decimal on line 10……..	11	1,044
12. Income tax paid to State Z (tax less credits)…….....	12	2,154
13. Amount from Part I, line 6…….....	13	47,000
14. ***Entire income upon which State Z's income tax is imposed…….....	14	68,875
15. Divide the amount on line 13 by the amount on line 14 (cannot be greater than 1)…….....	15	.6824
16. Multiply the amount on line 12 by the decimal on line 15…….....	16	1,470
17. Other state or country tax credit. Enter the smaller of line 11 or line 16…….....	17	1,044

*** Lines 1 through 6 – Income subject to tax in both Arizona and State XY**

Before completing lines 1 through 6, Mr. and Mrs. R must complete page 2 of Arizona Form 309, *Schedule of Income Allocation*. Even though Mr. and Mrs. R must report wage income, interest income and rental income to State Z, only the wage income earned for services performed in State Z would be sourced to State Z if State Z were taxing Mr. and Mrs. R as nonresidents. Therefore, when Mr. and Mrs. R complete the *Schedule of Income Allocation*, Mr. and Mrs. R indicate that only $47,000 of wages would be sourced to State Z as income of a nonresident of State Z.

Mr. and Mrs. R must report State Z wages of $47,000 in Arizona gross income and $47,000 of State Z wages in State Z's equivalent of Arizona gross income. There are no additions or subtractions related to the $47,000 of State Z wages required under either Arizona law, or State Z law. Therefore, $47,000 of State Z wage income is included in Arizona adjusted gross income and $47,000 of State Z wage income is included in State Z's equivalent of Arizona adjusted gross income.

****Line 9 – Entire income upon which Arizona tax is imposed**

For the purpose of the credit, Mr. and Mrs. R compute the entire income upon which Arizona tax is imposed as follows:

Arizona adjusted gross income	$ 84,700
Plus dependent, blind, age 65 or over, and qualifying parent and grandparent exemptions	2,300
Entire income upon which Arizona income tax is imposed	$ 87,000

*****Line 14 – Entire income upon which State Z tax is imposed**

This is the entire income upon which State Z tax is imposed. This is State Z's equivalent of Arizona adjusted gross income for these individuals. For the purpose of the credit, Mr. and Mrs. R compute the entire income upon which State Z tax is imposed as follows:

State Z's equivalent of Arizona adjusted gross income	$ 64,875
State Z's equivalent of Arizona's dependent exemptions	4,000
Entire income upon which State Z's tax is imposed	$ 68,875

List of State Abbreviations

State		State		State		State	
Alabama	**AL**	Indiana	**IN**	Mississippi	**MS**	Oklahoma	**OK**
Arkansas	**AR**	Iowa	**IA**	Missouri	**MO**	Oregon	**OR**
California	**CA**	Kansas	**KS**	Montana	**MT**	Pennsylvania	**PA**
Colorado	**CO**	Kentucky	**KY**	Nebraska	**NE**	Rhode Island	**RI**
Connecticut	**CT**	Louisiana	**LA**	New Jersey	**NJ**	South Carolina	**SC**
Delaware	**DE**	Maine	**ME**	New Mexico	**NM**	Utah	**UT**
Georgia	**GA**	Maryland	**MD**	New York	**NY**	Vermont	**VT**
Hawaii	**HI**	Massachusetts	**MA**	North Carolina	**NC**	Virginia	**VA**
Idaho	**ID**	Michigan	**MI**	North Dakota	**ND**	West Virginia	**WV**
Illinois	**IL**	Minnesota	**MN**	Ohio	**OH**	Wisconsin	**WI**

Arizona Form **310**

Credit for Solar Energy Devices

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Your Name as shown on Form 140, 140PY or 140X	Your Social Security Number
Spouse's Name as shown on Form 140, 140PY or 140X (if a joint return)	Spouse's Social Security Number

Part 1 Current Year's Credit

NOTE: The cumulative credit for all solar energy devices installed at the same residence cannot exceed $1,000.

1 Address of residence where you installed the solar energy device for which you are claiming the credit:

Number and street:

City: State: ZIP Code:

2	Cost of the solar energy device installed during the current taxable year at the residence listed on line 1	2	00
3	Multiply the amount on line 2 by 25% (.25)	3	00
4	Enter the smaller of line 3 or $1,000	4	00
5	Enter the amount of credit from prior taxable years (1995 through 2013) for other solar energy devices installed at the residence listed on line 1	5	00
6	Add line 4 and line 5	6	00
7	Enter the smaller of line 6 or $1,000	7	00
8	Subtract line 5 from line 7	8	00
9	Current Year's Credit: Enter the smaller of line 4 or line 8. In most cases, if you are married filing a separate return, you must enter one-half (½) of the smaller of line 4 or line 8. See instructions	9	00

Part 2 Carryover from Prior Taxable Years

	(a) Taxable Year from which you are carrying the credit	(b) Original Credit Amount (See note below line 15)	(c) Amount Previously Used	(d) Available Carryover: Subtract column (c) from column (b).
10	2009	00	00	00
11	2010	00	00	00
12	2011	00	00	00
13	2012	00	00	00
14	2013	00	00	00

15 TOTAL AVAILABLE CARRYOVER: Add lines 10 through 14, column (d) 00

NOTE: For amounts entered in column (b), do not enter the cost of the device, ***enter the original credit amount***. This amount cannot exceed $1,000. If you are claiming an additional credit amount from a second Arizona home, see Note on page 1 of the general instructions.

Part 3 Total Available Credit

16	Current year's credit: Enter the amount from Part 1, line 9 Enter this amount on Arizona Form 301, line 7, column (a).	16	00
17	Available credit carryover from Part 2, line 15, column (d) Enter this amount on Arizona Form 301, line 7, column (b).	17	00
18	Total Available Credit: Add line 16 and line 17 Enter this amount on Arizona Form 301, line 7, column (c).	18	00

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2014 Credit for Solar Energy Devices

Arizona Form 310

Phone Numbers

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 and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

Publications and Brochures

To view or print the department's publications and brochures, go to our website and click on *Publications*.

General Instructions

Note: *Beginning 2014, you* ***must*** *also complete Arizona Form 301,* Nonrefundable Individual Tax Credits and Recapture, *and include Forms 301 and 310 with your tax return to claim this credit.*

Arizona law provides a solar energy credit for an individual who installs a solar energy device in his or her residence located in Arizona.

The solar energy credit for buying and installing a solar energy device is 25% of the cost, including installation, or $1,000, whichever is less. If you install another device in a later year, the cumulative credit cannot exceed $1,000 for the same residence.

Note: *A taxpayer may claim a credit of up to $1,000 for a second personal home. A taxpayer that claims a credit for both a primary home and a second home is limited to a maximum credit of $1,000 in the taxable year. To claim a credit for a second home you must complete a second form and add the two amounts together to claim on your return.*

If the allowable tax credit is more than your tax or if you have no tax, you may carry the unused credit forward for up to the next 5 consecutive years.

To be eligible for this credit, you must be an Arizona resident who is not a dependent of another taxpayer.

A solar energy device is a system or series of mechanisms which collect and transfer solar generated energy and which are designed primarily to:

- Provide heating;
- Provide cooling;
- Produce electrical power;
- Produce mechanical power;
- Provide solar daylighting; or
- Provide any combination of the above by means of collecting and transferring solar generated energy into such uses either by active or passive means, including wind generator systems that produce electricity.

Solar energy systems may also have the capability of storing solar energy for future use. Passive systems must clearly be designed as a solar energy device, such as a trombe wall, and not merely as a part of a normal structure, such as a window.

Only a system or device, which performs one or more of these functions, qualifies for the credit. An individual component of a system does not qualify for the credit by itself.

The following devices, when used for residential purposes, qualify for the credit:

- Solar domestic water heating systems - collectors, storage tanks, heat exchangers, and piping, valves, wiring, etc., directly related to the solar system.
- Solar swimming pool and spa heating systems - collectors, heat exchangers, piping, valves, wiring, etc., directly related to the solar system.
- Solar photovoltaic systems - collectors, batteries, inverters, solar system related wiring, and including solar photovoltaic systems for recreational vehicles used as a residence. End-use appliances (even if they are 12 vdc) are excluded unless they are manufactured specifically for photovoltaic systems applications.
- Solar photovoltaic phones, street lighting, etc. - collectors, batteries, inverters, and solar system related wiring. Phone, lights, etc., are excluded unless they are manufactured specifically for photovoltaic applications.
- Passive solar building systems - trombe wall components, thermal mass, and components specifically designed for energy gains. Dual pane windows, low-e, and other window coatings, etc., are excluded.
- Solar day lighting systems - those devices and systems specifically designed to capture and redirect visible solar energy while controlling the infrared energy (conventional skylights are specifically excluded).
- Wind generators - windmill, structure, generator, batteries, controls, wiring, and other components directly related to the wind generator. End-use appliances are excluded.
- Wind-powered pumps - windmill, structure, pump, pipes, and other components directly related to the wind pump.

The person who sells you your solar energy device must furnish you with a certificate stating that the solar energy device complies with Arizona's solar energy device requirements. If you designed and installed the system yourself, you will not receive such a statement, but your solar energy device must meet the required criteria.

For more information on the solar energy credit and the Arizona solar energy device requirements, see the department's brochure, Pub 543, *Solar Energy Credit.*

The following DO NOT qualify for the credit:

- Conventional plumbing components - water softeners, drinking water systems, etc., even if they are provided (free or otherwise) as part of the system.
- Conventional controls - load controllers, programmable thermostats, etc., even if they are provided (free or otherwise) as part of the system.
- Conventional heating/cooling systems - air conditioners, heat pumps, evaporative coolers, furnaces, regardless of efficiency.

- Conventional windows and window treatments - dual-pane, low-e, shade screens, reflective and dark coatings, awnings, interior shades, drapes, and blinds.
- Conventional skylights.
- Appliances (all voltages) - refrigerators, lights, fans, TVs, etc., unless they are manufactured specifically for photovoltaic systems.
- Fans - ceiling, window, attic, interior, etc., unless they are manufactured specifically for photovoltaic applications.
- Paint - ceramic, reflective roof coatings.
- Insulation (includes "outsulation") and radiant barrier.
- Weather stripping, caulking.
- Misting systems.
- Vegetation - shade trees, shrubs, grass.
- Solar energy cars.
- A solar hot water heater plumbing stub out that was installed by the builder of a house or dwelling unit before title was conveyed to the taxpayer. You may be able to take this credit on Arizona Form 319. For details, see Form 319.

NOTE*: If you claim a credit, you cannot take a depreciation deduction for the solar energy device for which the credit is claimed. If such depreciation deduction is included in your federal adjusted gross income, you must add that amount to your Arizona gross income. You must make this addition for each period in which you deduct depreciation for federal purposes.*

Line-by-Line Instructions

Enter your name and Social Security Number (SSN) as shown on Arizona Forms 140, 140PY, 140NR, or 140X.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for an individual is the taxpayer's SSN or an Internal Revenue Service (IRS) individual taxpayer identification number (ITIN). Taxpayers that fail to include their identification number may be subject to a penalty.

Part 1 - Current Year's Credit

Use lines 1 through 9 to figure your credit for the current tax year.

Line 1 -

Enter the address of the residence where you installed the solar energy device for which you are claiming the credit.

Line 2 -

Enter the cost of the solar energy device. The cost of installing the device may be included in the cost of the device.

Lines 3 and 4 -

Follow the instructions on the form for lines 3 and 4.

Line 5 -

If you claimed a credit for another solar energy device you installed during a prior taxable year (1995 through 2013), at the same residence listed on line 1, enter the total amount of allowable credit for that prior tax year or years.

Lines 6 through 8 -

Follow the instructions on the form for lines 6 through 8.

Line 9 - Current Year's Credit

Enter the smaller of line 4 or line 8.

If you are married filing a separate return, but you could have filed a joint return, you may take only one-half of the total credit that you and your spouse would have been allowed to take on a joint return. In this case, enter one-half of the smaller of line 4 or line 8.

Part 2 - Carryover from Prior Taxable Years

Lines 10 through 15 -

Use Part 2 to figure your total available credit carryover from taxable years 2009 through 2013.

Complete lines 10 through 15 if you claimed this credit on a return for one of these years and the credit was more than your tax.

- In column (b), enter the credit **originally** computed for the taxable year listed in column (a). Do not enter the cost of the device. The amount entered in column (b) cannot be more than $1,000.
- In column (c), enter the amount of the credit from that taxable year which you have already used.
- In column (d), subtract the amount in column (c) from the amount in column (b) and enter the difference.
- Add the amounts entered on lines 10 through 14 in column (d).

Enter the total on line 15, column (d).

Part 3 - Total Available Credit

Lines 16 through 18 -

Use lines 16 through 18 to figure your total available credit for 2014.

Line 16 -

Enter the amount from Part 1, line 9.

Line 17 -

Enter the amount of available carryover from Part 2, line 15, column (d).

Line 18 - Total Available Credit

Add line 16 and line 17. Enter the total. Also, enter on Form 301, line 7, column (c).

Arizona Form **312**

Agricultural Water Conservation System Credit

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Your Name as shown on Form 140, 140PY, 140NR, 140X, 120S or 165	Your Social Security or Employer Identification Number
Spouse's Name as shown on Form 140, 140PY, 140NR, 140X (if a joint return)	Spouse's Social Security Number

Part 1 Qualifying Water Conservation System

1 Do you have a conservation plan on file and in effect with the United States Department of Agriculture Soil Conservation Service? ..... **1** Yes ☐ No ☐

If the answer to question 1 is "Yes", enter the following:

2a Date filed ..... **2a** M M D D Y Y Y Y

2b Location of Soil Conservation Office ..... **2b** _____

3 Check a box below and indicate the type of change or system installed.
System Changes:

- ☐ Unlined field ditch to concrete lined ditch
- ☐ Unlined field ditch to underground pipeline
- ☐ Unlined field ditch to gated pipes
- ☐ Sloping unleveled surface field to slope on precise grade
- ☐ Sloping surface irrigated field to level basin
- ☐ Sloping field with surface irrigation to sprinkler
- ☐ Surface or sprinkler to trickle (above ground)
- ☐ Surface or sprinkler to subsurface trickle (below ground)
- ☐ Increasing the size of field ditch to provide larger head
- ☐ Unused runoff water to tailwater recovery system
- ☐ Other - Please describe: _____

Part 2 Calculation of the Current Taxable Year's Credit

4	Total amount of expenses for current taxable year	**4**	00
5	Total amount of reimbursement	**5**	00
6	Net amount of qualifying expenses: Subtract line 5 from line 4	**6**	00
7	Current taxable year's credit: Multiply line 6 by 75% (.75)	**7**	00

Continued on page 2 ➔

Your Name (as shown on page 1)	Your Social Security or Employer Identification Number

Part 3 S Corporation – Individual Shareholder's Share of Credit

Complete lines 8 through 11 separately for each individual shareholder.
Furnish each individual shareholder with a copy of the completed Form 312.

8 Name of individual shareholder: _____

9 Individual shareholder's Social Security Number: _____

10 Individual shareholder's share of the amount of qualifying expense on Part 2, line 6 ..... **10** _____ 00

11 Individual shareholder's share of the amount on Part 2, line 7 ..... **11** _____ 00

Part 4 Partnership – Individual Partner's Share of Credit

Complete lines 12 through 14 separately for each individual partner.
Furnish each individual partner with a copy of the completed Form 312.

12 Name of individual partner: _____

13 Individual partner's Social Security Number: _____

14 Individual shareholder's share of the amount on Part 2, line 7 ..... **14** _____ 00

Part 5 Available Credit Carryover

	(a) Taxable Year from which you are carrying the credit	(b) Original Credit Amount	(c) Amount Previously Used	(d) Available Carryover: Subtract column (c) from column (b).
15	2009	00	00	00
16	2010	00	00	00
17	2011	00	00	00
18	2012	00	00	00
19	2013	00	00	00

20 TOTAL AVAILABLE CARRYOVER: Add lines 15 through 19, column (d) ..... _____ 00

Part 6 Total Available Credit

21 Current year's credit:
- Individuals, enter the amount from Part 2, line 7.
- Individual shareholders of an S corporation, enter the amount from Part 3, line 11.
- Individual partners of a partnership, enter the amount from Part 4, line 14 ..... **21** _____ 00

Enter this amount of Arizona Form 301, line 8, column (a).

22 Available credit carryover from Part 5, line 20, column (d) ..... **22** _____ 00
Enter this amount on Arizona Form 301, line 8, column (b).

23 Total Available Credit: Individuals, add line 21 and line 22 ..... **23** _____ 00
Enter this amount on Arizona Form 301, Part 1, line 8, column (c).

Individual shareholders of an S Corporation: If you are claiming this credit, you must include the amount from Part 3, line 10, on your Arizona income tax return, under "Other Additions".

2014 Agricultural Water Conservation System Credit

Phone Numbers

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 and click on *Legal Research* then click on *Procedures* or *Rulings* and select tax a type from the drop down menu.

Publications and Brochures

To view or print the department's publications and brochures, go to our website and click on *Publications*.

General Instructions

Arizona law allows a nonrefundable tax credit for the purchase and installation of an agricultural water conservation system. The credit is equal to 75% of the qualifying expenses incurred during the taxable year.

This credit is available to individuals only. A corporation, including an S corportation, may not claim this credit. However, an S corporation may pass the credit through to its individual shareholders. A partnership may not claim this credit, but may pass the credit through to its individual partners.

To Qualify for the Credit:

- The system must be primarily designed to substantially conserve water on land that the taxpayer or taxpayer's tenant uses to:
  - A. produce crops, fruits, or other agricultural products; **or**
  - B. raise, harvest, or grow trees; **or**
  - C. sustains livestock.
- The expense must be consistent with a conservation plan that the taxpayer has filed and that is in effect with the United States Department of Agriculture Soil Conservation Service.

If the allowable tax credit exceeds the taxes otherwise due, or if there are no taxes due, you may carry the unused credit forward for a period not to exceed the next five taxable years.

Individual co-owners of a business, including individual partners in a partnership and individual shareholders of an S corporation, may each claim only a pro rata share of the credit, based on their ownership interest. The total of the credits allowed all owners may not exceed the amount that would have been allowed for a sole owner of the business.

You cannot take a subtraction for the same expenses for which you claim a credit. If you claim this credit, you must add the amount of the expenses taken for the taxable year to your Arizona gross income.

For example: if the taxpayer had $10,000 of qualifying expenses the credit would be $7,500 and the add back would be $10,000. The individual would include $10,000 on the Arizona individual income tax return under *"Other Additions"*.

Specific Instructions

Type or print the required information in the name and taxpayer identification number section at the top of the form. Indicate the period covered by the taxable year. Include the completed form with the income tax return.

All returns, statements, and other documents filed with the department require a TIN. The TIN for a partnership or an S corporation is the taxpayer's employer identification number (EIN). The TIN for an individual is the taxpayer's SSN or an Internal Revenue Service (IRS) individual taxpayer identification number (ITIN). Taxpayers that fail to include their identification number may be subject to a penalty.

Part 1 - Qualifying Water Conservation System

Lines 1 through 3 -

On lines 1 through 3, enter the information relating to the water conservation system purchased and installed for which the credit is being claimed.

If the system is not one of the systems or system changes listed, check the "other" box. Give a detailed description of the system and an explanation of how it qualifies for the credit.

Part 2 - Calculation of the Current Taxable Year's Credit

Lines 4 through 7 -

Line 4 -

Enter the total amount of expenses relating to the water conservation system spent in the current taxable year.

Line 5 -

Enter the amount of any reimbursement received for expenses relating to the water conservation system.

Lines 6 and 7 -

Complete these lines as instructed on the form.

Part 3 - *S Corporation* - Individual Shareholder's Share of Credit

Lines 8 through 11 -

An S corporaton cannot claim this credit, but it may pass the credit through to its individual shareholders. If an S corporation is passing the credit through to its individual shareholders, the S corporation must complete Parts 1 and 2.

An S corporation must complete Parts 1 and 2 of Form 312. Then, complete Part 3, lines 8 through 11 separately for each individual shareholder.

Each individual shareholder may claim only a pro rata share of the credit based on the individual shareholder's ownership interest in the S corporation.

An individual cannot take a subtraction for the same expenses for which a credit is claimed. If you claim this credit, you must add the amount of the expenses taken for the taxable year to your Arizona gross income.

The amount of the individual shareholder's share of qualifying expenses that must be added to the individual shareholder's income is reported in Part 3, on line 10. The indiviudal shareholder is required to include this amount on their individual Arizona income tax return under "*Other Additions*".

The S corporation must furnish each individual shareholder with a copy of the completed Form 312.

Each individual shareholder must complete Parts 5 and 6.

Part 4 - *Partnership* - Individual Partner's Share of Credit

Lines 12 through 14 -

The partnership must complete Parts 1 and 2. Then, complete Part 4, lines 12 through 14, separately for each individual partner. Each individual partner may claim only a pro rata share of the credit based on the individual partner's ownership interest in the partnership.

The partnership must furnish each individual partner with a copy of the completed Form 312.

Each individual partner must complete Parts 5 and 6.

Part 5 - Available Credit Carryover

Lines 15 through 20 -

Calculate the total available carryover of the agricultural water conservation credit from tax years 2009 through 2013 on Part 5, lines 15 through 20. Complete these lines if you claimed the credit on a prior taxable year's tax return and the credit was more than your tax.

- In column (b) enter the credit originally computed for the taxable year listed in column (a).
- In column (c) enter the amount of the credit from that taxable year which you have already used.
- In column (d) subtract the amount in column (c) from the amount in column (b) and enter the difference.
- Add the amounts entered on lines 15 through 19 in column (d).

Enter the total on line 20, column (d).

Part 6 - Total Available Credit

Lines 21 through 23 -

Line 21 –

- *Individuals* – Enter the amount from Part 2, line 7.
- *Individual shareholders of an S corporation* - Enter the amount from Part 3, line 11
- *Individual partners of a partnership* - Enter the amount from Part 4, line 14.

Line 22 -

Enter the amount of available credit carryover from Part 5, line 20, column (d).

Line 23 -

Add line 21 and line 22. Enter the total. Also enter on Form 301, line 8, column (c).

This is the total available credit that may be applied to the current taxable year's tax liability.

Individual shareholders of an S corporation – if you are claiming the credit, you must include the amount from Part 3, line 10, on your Arizona individual income tax return, under "Other Additions".

Arizona Form **315**

Pollution Control Credit

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Name as shown on Form 140, 140PY, 140NR, 140X, 99T, 120, 120A, 120S, 120X or 165	Social Security or Employer Identification Number

Part 1 Schedule of Equipment and Current Taxable Year's Credit Calculation

If additional space is needed, include a separate schedule.

	(a) Date Property Placed in Service or Expected to be Placed in Service	(b) Description	(c) Total Cost of Property Used to Reduce Pollution Incurred During the Taxable Year	
1	M M D D Y Y			00
2	M M D D Y Y			00
3	M M D D Y Y			00
4	M M D D Y Y			00
5	M M D D Y Y			00
6	M M D D Y Y			00
7	M M D D Y Y			00
8	M M D D Y Y			00
9	M M D D Y Y			00
10	M M D D Y Y			00

11	Total: Add lines 1 through 10 in column (c)	11		00
12	Total from continuation schedule, if applicable	12		00
13	Total cost of pollution control equipment incurred during the taxable year: Add lines 11 and 12	13		00
14	Tentative credit for current taxable year: Multiply line 13 by 10% (.10)	14		00
15	Maximum credit allowed	15	500,000	00
16	Credit for current taxable year: Enter the lesser of line 14 or line 15	16		00

In order to calculate Arizona depreciation or amortization, a taxpayer who elects to claim a credit under A.R.S. §§ 43-1081 or 43-1170 shall reduce the basis of the pollution control equipment by the amount of the credit claimed.

Part 2 S Corporation Credit Election and Shareholder's Share of Credit

17 The S corporation has made an irrevocable election for the taxable year ending M M D D Y Y Y Y to **(check only one box)**:

☐ Claim the pollution control credit as shown on Part 1, line 16 (for the taxable year mentioned above);

OR

☐ Pass the pollution control credit as shown on Part 1, line 16 (for the taxable year mentioned above) through to its shareholders.

Signature _____ Title _____ Date _____

If passing the credit through to the shareholders, complete lines 18 through 20 separately for each shareholder. Furnish each shareholder with a copy of pages 1 and 2 of Form 315.

18 Name of shareholder: _____

19 Shareholder's TIN: _____

20 Shareholder's share of the amount on Part 1, line 16 ..... **20** _____ 00

Part 3 Partner's Share of Credit

Complete lines 21 through 23 separately for each partner. Furnish each partner with a copy of pages 1 and 2 of Form 315.

21 Name of partner: _____

22 Partner's TIN: _____

23 Partner's share of the amount on Part 1, line 16 ..... **23** _____ 00

Continued on page 2 ➔

Name (as shown on page 1)	TIN

Part 4 Available Credit Carryover

	(a) Taxable Year	(b) Original Credit Amount		(c) Amount Previously Used or Expired		(d) Available Carryover: Subtract column (c) from column (b).	
24			00		00		00
25			00		00		00
26			00		00		00
27			00		00		00
28			00		00		00

29 TOTAL AVAILABLE CARRYOVER: Add lines 24 through 28 in column (d) **29** 00

Part 5 Total Available Credit

30 Current year's credit:
- Individuals, corporations, exempt organizations with UBTI, or S corporations: Enter the amount from Part 1, line 16.
- S corporation shareholders: Enter the amount from Part 2, line 20.
- Partners of a partnership: Enter the amount from Part 3, line 23 ..... **30** 00

Individuals: Also enter this amount on Form 301, line 9, column (a).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Form 300, line 5, column (a).

31 Available credit carryover from Part 4, line 29, column (d)..... **31** 00
Individuals: Also enter this amount on Form 301, line 9, column (b).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Form 300, line 5, column (b).

32 **Total available credit:** Add line 30 and line 31..... **32** 00
Individuals: Also enter the total on Form 301, Part 1, line 9, column (c).
Corporations, exempt organizations with UBTI, and S corporations: Also enter the total on Form 300, Part 1, line 5, column (c).

2014 Pollution Control Credit

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

Phoenix	(602) 255-3381
From area codes 520 and 928, toll-free	(800) 352-4090

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

General Instructions

Arizona Revised Statutes §§ 43-1081 and 43-1170 provide nonrefundable individual and corporate income tax credits for expenses incurred during the taxable year to purchase real or personal property that is used within Arizona in the taxpayer's trade or business to control or prevent pollution. The amount of the credit is equal to 10% of the purchase price, limited to a maximum credit of $500,000 in a taxable year.

Co-owners of a business, including partners in a partnership and shareholders of an S corporation, may each claim only the pro rata share of the credit allowed based on the ownership interest. The total of the credits allowed all such owners may not exceed the amount that would have been allowed for a sole owner of the business.

The credit is available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate UBTI.

Qualifying property includes a structure, building, installation, excavation, machine, equipment, and any attachment to, or addition to, or reconstruction, replacement, or improvement of that property. Property eligible for the tax credit includes only that portion of the property directly used, constructed, or installed in Arizona to prevent, monitor, or reduce air, water, or land pollution that results from the taxpayer’s direct operating activities in conducting a trade or business in this state. The property must meet or exceed rules or regulations adopted for this purpose by the United States Environmental Protection Agency, the Arizona Department of Environmental Quality, or a political subdivision of Arizona.

Amounts that qualify for the credit must be includible in the taxpayer's adjusted basis for the property. The adjusted basis of any property for which the taxpayer has claimed a credit must be reduced by the amount of credit claimed for that property.

If the allowable tax credit exceeds the taxes otherwise due or, if there are no taxes due, the amount of the credit not used to offset taxes may be carried forward for not more than five taxable years as a credit against subsequent years' income tax liabilities.

Specific Instructions

Complete the name and taxpayer identification number section at the top of the form. Indicate the period covered by the taxable year. Include the completed form with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, an exempt organization with UBTI, an S corporation, or a partnership is the taxpayer's employer identification number. The TIN for an individual is the taxpayer's social security number or an Internal Revenue Service individual taxpayer identification number. Taxpayers that fail to include their TIN may be subject to a penalty.

Part 1 - Schedule of Equipment and Current Taxable Year's Credit Calculation

Lines 1 through 10 -

Column (a): Enter the date that the property was placed in service or the date it is expected to be placed in service in Arizona.

Column (b): Enter a brief description of the property used in the taxpayer's business in Arizona to control or prevent pollution.

Column (c): Enter the cost of that portion of the property directly used to reduce pollution that was incurred during this taxable year.

If there are more than 10 items of qualifying property, complete additional schedules. Include the completed schedules with Form 315.

Line 11 -

Add lines 1 through 10 in column (c) and enter the total.

Line 12 -

Enter the aggregate column (c) totals from additional schedules.

Line 13 -

Add lines 11 and 12 and enter the total. This is the total cost incurred during this taxable year of all items of property for which the taxpayer is claiming the credit.

Line 14 -

Multiply line 13 by 10% (.10) and enter the result.

Line 16 -

Enter the lesser of line 14 or line 15. This is the allowable credit for the current taxable year.

Part 2 - S Corporation Credit Election and Shareholder's Share of Credit

Line 17 - S Corporation Credit Election

S corporations must complete line 17. The S corporation must make an irrevocable election to either claim the credit or pass the credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to Arizona Form 120S.

Lines 18 through 20 -

If the S corporation elects to pass the credit through to its shareholders, it must also complete lines 18 through 20.

The S corporation must complete Part 1. Then, complete Part 2, lines 18 through 20, separately for each shareholder.

Each S corporation shareholder is entitled to only a pro rata share of pass-through credit based on ownership interest in the S corporation. The total of the credit allowed to all shareholders may not exceed the amount that would have been allowed for a sole owner.

If the S corporation passes the credit through to its shareholders, it must notify each shareholder of the shareholder's pro rata share of the adjustment to income required by the difference between the federal depreciable basis and the Arizona depreciable basis of the property for which the credit is claimed. The S corporation must also notify the shareholder of the shareholder's pro rata share of any difference in gain or loss on the sale or other disposition of the property due to the difference in basis.

The S corporation must furnish each shareholder with a copy of pages 1 and 2 of Form 315. Each shareholder must complete Part 4 and Part 5.

Part 3 - Partner's Share of Credit

Lines 21 through 23 -

The partnership must complete Part 1. Then, complete Part 3, lines 21 through 23, separately for each partner.

Each partner is entitled to only a pro rata share of the credit based on the partner’s ownership interest in the partnership. The total of the credit allowed to all partners may not exceed the amount that would have been allowed for a sole owner.

The partnership must furnish each partner with a copy of pages 1 and 2 of Form 315. Each partner must complete Part 4 and Part 5.

Part 4 - Available Credit Carryover

Complete Part 4 only if the allowable pollution control credit for prior taxable years exceeded the Arizona income tax liability for those taxable years. Calculate the total available carryover of the pollution control credit on page 2, Part 4, lines 24 through 29.

Enter the applicable taxable year(s) in column (a) on lines 24 through 28. In column (b), enter the credit originally computed for that taxable year. In column (c), enter the amount of the credit from that taxable year which has already been used. Subtract the amount in column (c) from column (b) and enter the difference in column (d). Add the amounts entered on lines 24 through 28 in column (d). Enter the total on line 29, column (d). This is the total pollution control credit carryover available for the current taxable year.

Part 5 - Total Available Credit

Line 30 -

Individuals, exempt organizations with UBTI, and corporations (including S corporations that elected to claim the credit) - enter the current year's credit from Part 1, line 16.

S corporation shareholders - enter the credit from Part 2, line 20.

Partners of a partnership - enter the credit from Part 3, line 23.

This is the current taxable year's pollution control credit.

Line 31 -

Enter the amount from Part 4, line 29, column (d). This is the total available credit carryover.

Line 32 -

Add line 30 and line 31. This is the total available pollution control credit that may be applied to the current taxable year's tax liability.

Corporations, exempt organizations with UBTI, and S corporations - enter the total here and on Form 300, Part 1, line 5, column (c).

Individuals - enter the total here and on Form 301, Part 1, line 9, column (c).

Arizona Form **318**

Credit for Taxes Paid for Coal Consumed in Generating Electrical Power

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Name as shown on Form 99T, 120, 120A, 120S, 120X or 165	Employer Identification Number

Part 1 Current Taxable Year's Credit Calculation

1	Total amount paid by the seller or purchaser as transaction privilege tax or use tax for coal sold to the taxpayer. Qualifying coal purchases by the taxpayer are purchases of coal that are consumed in the generation of electrical power in Arizona. "Amount paid by the seller or purchaser as transaction privilege tax or use tax" means that the Arizona transaction privilege tax was passed through to the taxpayer by the seller as an added charge or that the seller collected the Arizona use tax from the taxpayer or that the taxpayer paid the Arizona use tax to the department. Enter total amount from included Form(s) 318-1, line 13, column (d)	1	00
2	Current taxable year's credit: Multiply line 1 by 30 percent (.30)	2	00

Part 2 Corporate Partner's Share of Credit

Complete lines 3 through 5 separately for each corporate partner. Furnish each corporate partner with a copy of Form 318. The partnership may pass the credit through **only** to its corporate partners.

3 Name of corporate partner:

4 Corporate partner's TIN:

5	Corporate partner's share of the amount on Part 1, line 2	5	00

Part 3 Available Credit Carryover

	(a) Taxable Year	(b) Original Credit Amount	(c) Amount Previously Used	(d) Available Carryover: Subtract column (c) from column (b).
6		00	00	00
7		00	00	00
8		00	00	00
9		00	00	00
10		00	00	00

11	TOTAL AVAILABLE PRE-2003 CARRYOVER: Add lines 6 through 10 in column (d)	11	00

Part 4 Total Available Credit

12 Current taxable year's credit:
- Corporations, exempt organizations with UBTI, and S corporations: Enter the amount from Part 1, line 2.
- Corporate partners of a partnership: Enter the amount from Part 2, line 5 ..... 12 00

Also enter this amount on Form 300, line 6, column (a).

13 Available credit carryover from Part 3, line 11, column (d) 13 00

Also enter this amount on Form 300, line 6, column (b).

14 **Total available credit:** Add lines 12 and 13 ..... 14 00

Also enter this amount on Form 300, Part 1, line 6, column (c).

Continued on page 2 ➔

Name (as shown on Form 318)	EIN	Page ____ of ____

Form 318-1 Qualifying Coal Purchases 2014

A	Vendor's Name	B	Taxpayer's Name
	Vendor's Arizona TPT or Use Tax Number		Taxpayer's Arizona TPT or Use Tax Number

	(a) Month	(b) Type of Tax: TPT or Use	(c) Coal Price Before Tax		(d) Amount of Tax Paid		(e) Total Amount	
1		☐ TPT ☐ Use		00		00		00
2		☐ TPT ☐ Use		00		00		00
3		☐ TPT ☐ Use		00		00		00
4		☐ TPT ☐ Use		00		00		00
5		☐ TPT ☐ Use		00		00		00
6		☐ TPT ☐ Use		00		00		00
7		☐ TPT ☐ Use		00		00		00
8		☐ TPT ☐ Use		00		00		00
9		☐ TPT ☐ Use		00		00		00
10		☐ TPT ☐ Use		00		00		00
11		☐ TPT ☐ Use		00		00		00
12		☐ TPT ☐ Use		00		00		00
13	TOTAL: Add lines 1 through 12			00		00		00

A	Vendor's Name	B	Taxpayer's Name
	Vendor's Arizona TPT or Use Tax Number		Taxpayer's Arizona TPT or Use Tax Number

	(a) Month	(b) Type of Tax: TPT or Use	(c) Coal Price Before Tax		(d) Amount of Tax Paid		(e) Total Amount	
1		☐ TPT ☐ Use		00		00		00
2		☐ TPT ☐ Use		00		00		00
3		☐ TPT ☐ Use		00		00		00
4		☐ TPT ☐ Use		00		00		00
5		☐ TPT ☐ Use		00		00		00
6		☐ TPT ☐ Use		00		00		00
7		☐ TPT ☐ Use		00		00		00
8		☐ TPT ☐ Use		00		00		00
9		☐ TPT ☐ Use		00		00		00
10		☐ TPT ☐ Use		00		00		00
11		☐ TPT ☐ Use		00		00		00
12		☐ TPT ☐ Use		00		00		00
13	TOTAL: Add lines 1 through 12			00		00		00

2014 Credit for Taxes Paid for Coal Consumed in Generating Electrical Power

Arizona Form 318

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

Phoenix	(602) 255-3381
From area codes 520 and 928, toll-free	(800) 352-4090

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

General Instructions

Arizona Revised Statutes § 43-1178 provides a nonrefundable corporate income tax credit equal to 30% of the amount paid by the seller or purchaser as transaction privilege tax or use tax for coal sold to the taxpayer that is consumed in the generation of electrical power in Arizona. "Amount paid by the seller or purchaser as transaction privilege tax or use tax" means that the Arizona transaction privilege tax (TPT) was passed through to the taxpayer by the seller as an added charge or that the seller collected the Arizona use tax from the taxpayer or that the taxpayer paid the Arizona use tax to the department.

The tax credit is in lieu of a deduction for the taxes for which the credit is claimed. An addition to Arizona gross income is required for the amount of Arizona TPT and Arizona use taxes included in the computation of federal taxable income for which the Arizona tax credit is claimed.

For example, a taxpayer that paid $50,000 in TPT for coal consumed in the generation of electrical power in Arizona would receive a credit of $15,000 ($50,000 x 30% = $15,000). The addition to Arizona gross income would be $50,000.

The tax credit is available only to corporate taxpayers. A partnership may pass this credit through only to its corporate partners. An S corporation may claim this credit, or the S corporation may elect to pass this credit through to only its exempt organization shareholders.

The credit is available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate UBTI.

Co-owners of a business, including corporate partners of a partnership or exempt organization shareholders of an S corporation, may each claim only the pro rata share of the credit allowed based on the ownership interest. The pro rata share that would be distributed to non-eligible partners or shareholders is lost. The total of the credits allowed all such owners may not exceed the amount that would have been allowed for a sole owner of the business.

If the allowable tax credit exceeds the taxes otherwise due, or if there are no taxes due, the amount of the credit not used to offset taxes may be carried forward for not more than five consecutive taxable years as a credit against subsequent years' income tax liability.

Specific Instructions

Complete the name and employer identification number section at the top of the form. Indicate the period covered by the taxable year. Include the completed form with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, an exempt organization with UBTI, an S corporation or a partnership is the taxpayer's employer identification number. Taxpayers that fail to include their TIN may be subject to a penalty.

Part 1 - Current Taxable Year's Credit Calculation

Form 318-1 and Line 1 -

Complete Form 318-1 before completing Part 1, line 1, of Form 318. Complete Form 318-1 to list the qualifying coal purchases for the taxable year.

FORM 318-1

The design of Form 318-1 allows the taxpayer to list qualifying coal purchases for the taxable year in two situations:

1. Purchases from vendors that passed the Arizona TPT through to the taxpayer as an added charge or purchases from vendors that collected the Arizona use tax from the taxpayer; and
2. Purchases from vendors for which the taxpayer paid the Arizona use tax to the department.

Situation 1: List the qualifying coal purchases *by vendor* for situation 1 above. If the taxpayer has purchased coal from more than two vendors, additional Form(s) 318-1 must be completed to list the qualifying coal purchases for the taxable year. Complete section A to list the vendor name and the vendor's Arizona TPT or use tax number. Do not complete section B.

NOTE: *The Arizona TPT must be shown as an added charge on the vendor's invoice. If the vendor collects the Arizona use tax from the taxpayer, the tax must be shown as a separate charge on the vendor's invoice.*

Situation 2: List the qualifying coal purchases *from all vendors* for situation 2 above. Complete section B to list the taxpayer's Arizona TPT or use tax number. Do not complete section A.

NOTE: *If the taxpayer pays the Arizona use tax directly to the department, the taxpayer must document the amount of tax paid for each invoice.*

Column (a): On lines 1 through 12, enter the applicable month of the taxable year.

Column (b): On lines 1 through 12, indicate the type of tax, TPT or use.

Column (c): On lines 1 through 12, enter the total amount of qualifying coal purchases for that month. Do not include the amount of tax paid in the total.

Column (d): On lines 1 through 12, enter the total amount of tax paid for that month.

Column (e): On lines 1 through 12, enter the total of columns (c) and (d).

Now go to Form 318, Part 1, line 1.

FORM 318

Line 1 -

Enter the aggregate total from the completed Form(s) 318-1, line 13, column (d), on Form 318, Part 1 line 1.

Line 2 -

Multiply line 1 by 30 percent (.30). Enter the result. This is the current taxable year's credit.

Part 2 - Corporate Partner's Share of Credit

Lines 3 through 5 -

The partnership must complete Form(s) 318-1 and Part 1 of Form 318. Then, complete Part 2, lines 3 through 5, separately for each corporate partner. The partnership may pass the credit through **only** to its corporate partners.

Each corporate partner is entitled to only a pro rata share of the credit based on the corporate partner's ownership interest in the partnership. The total of the credit allowed to all corporate partners may not exceed the amount that would have been allowed for a sole owner.

The partnership must furnish each corporate partner with a copy of Form 318. Each corporate partner must complete Part 3, if applicable, and Part 4.

NOTE: *An S corporation that elects to pass the credit through to its exempt organization shareholders should complete Part 2 separately for each exempt organization shareholder and include a statement with Form 318, signed by a signatory to Arizona Form 120S, that states: The S corporation has made an irrevocable election for the taxable year ending (MM/DD/YYYY) to pass the credit for taxes paid for coal consumed in generating electrical power as shown on Form 318, Part 1, line 2 through to its exempt organization shareholders. Each exempt organization shareholder would then complete Part 3, if applicable, and Part 4 of Form 318.*

Part 3 - Available Credit Carryover

Complete Part 3 only if the allowable credit for prior taxable years exceeded the Arizona income tax liability for those taxable years. Calculate the total available carryover of the credit on Part 3, lines 6 through 11.

Enter the applicable taxable year(s) in column (a) on lines 6 through 10. Enter the amount of the original tax credit for each taxable year in column (b). Enter the amount of the credit for each taxable year that has been taken in previous taxable years in column (c). Subtract column (c) from column (b) and enter the difference in column (d). Add the amounts entered on lines 6 through 10, column (d). Enter the total on line 11, column (d). This is the total available credit carryover available for the current taxable year.

Part 4 - Total Available Credit

Line 12 -

Corporations, exempt organizations with UBTI, and S corporations - enter the current taxable year's credit from Part I, line 2.

Corporate partners of a partnership and exempt organizations that are shareholders of an S corporation - enter the amount from Part 2, line 5.

Line 13 -

Enter the amount from Part 3, line 11, column (d). This is the total available credit carryover.

Line 14 -

Add line 12 and line 13. This is the total available credit that may be applied to the current taxable year's tax liability. Enter the total here and on Arizona Form 300, Part 1, line 6, column (c).

Arizona Form **319**

Credit for Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlets

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Name as shown on Form 140, 140PY, 140NR, 140X, 99T, 120, 120A, 120S, 120X or 165	Social Security or Employer Identification Number

The houses or dwelling units in which the qualifying installations are made by the builder/taxpayer must be located in Arizona. The credit is in lieu of a deduction for the expenses of installing the solar hot water heater plumbing stub outs and electric vehicle recharge outlets for which the credit is claimed.

Part 1 Current Taxable Year's Credit Calculation for Taxpayer That Built the House or Dwelling Unit

1	Total allowable credit from included Form(s) 319-1, column (h)	1	00
2	Total amount of credit transferred to purchasers or transferees from included Form(s) 319-2, column (c)	2	00
3	Current taxable year's credit: Subtract line 2 from line 1	3	00

Part 2 Current Taxable Year's Credit for Purchaser or Transferee of the House or Dwelling Unit

4	Total allowable credit from included copy of written statement provided by the builder of the house or dwelling unit	4	00

Part 3 S Corporation Credit Elections and Shareholder's Share of Credit

5 The S corporation has made an irrevocable election for the taxable year ending M M D D Y Y Y Y to **(check only one box)**:

☐ Claim the credit for solar hot water heater plumbing stub outs and electric vehicle recharge outlets as shown on Part 1, line 3 (for the taxable year mentioned above);

OR

☐ Pass the credit for solar hot water heater plumbing stub outs and electric vehicle recharge outlets as shown on Part 1, line 3 (for the taxable year mentioned above) through to its shareholders.

Signature _____ Title _____ Date _____

6 The S corporation has made an irrevocable election for the taxable year ending M M D D Y Y Y Y to **(check only one box)**:

☐ Claim the credit for solar hot water heater plumbing stub outs and electric vehicle recharge outlets as shown on Part 2, line 4 (for the taxable year mentioned above);

OR

☐ Pass the credit for solar hot water heater plumbing stub outs and electric vehicle recharge outlets as shown on Part 2, line 4 (for the taxable year mentioned above) through to its shareholders.

Signature _____ Title _____ Date _____

If passing the credit through to the shareholders, complete lines 7 through 12 separately for each shareholder. Furnish each shareholder with a copy of pages 1, 2 and 3 of Form 319.

7	Name of shareholder:		
8	Shareholder's TIN:		
9	Shareholder's share of the amount on Part 1, line 3	9	00
10	Individual shareholder's share of the installation expenses from Part 1 to be included in Arizona gross income	10	00
11	Shareholder's share of the amount on Part 2, line 4	11	00
12	Individual shareholder's share of the installation expenses from Part 2 to be included in Arizona gross income	12	00

Individual shareholders of an S corporation: The credit is in lieu of a deduction for the installation expenses for which the credit is claimed. If you are claiming the credits in Part 3, line 9 and/or line 11, you must include the amounts from Part 3, line 10 and/or line 12, on your Arizona income tax return under "Other Additions".

Continued on page 2 ➔

Name (as shown on page 1)	TIN

Part 4 Partner's Share of Credit

Complete lines 13 through 16 separately for each partner. Furnish each partner with a copy of pages 1, 2 and 3 of Form 319.

13 Name of partner: _____

14 Partner's TIN: _____

15	Partner's share of the amount on Part 1, line 3	**15**	00
16	Partner's share of the amount on Part 2, line 4	**16**	00

Part 5 Available Credit Carryover for Taxpayer as Builder of House or Dwelling Unit

		(a)	(b)	(c)	(d)	(e)
17	Taxable year					
18	Original credit amount	00	00	00	00	00
19	Amount previously used	00	00	00	00	00
20	Tentative carryover: Subtract line 19 from line 18	00	00	00	00	00
21	Amount transferred: Enter total amount from Form 319-2, column (e)	00	00	00	00	00
22	Available carryover: Subtract line 21 from line 20	00	00	00	00	00

23	TOTAL AVAILABLE CARRYOVER	**23**	00

Part 6 Available Credit Carryover for Taxpayer as Purchaser or Transferee of House or Dwelling Unit

	(a) Taxable Year	(b) Original Credit Amount	(c) Amount Previously Used	(d) Available Carryover: Subtract column (c) from column (b).
24		00	00	00
25		00	00	00
26		00	00	00
27		00	00	00
28		00	00	00

29	Total available carryover: Add lines 24 through 28 in column (d)	**29**	00

Name (as shown on page 1)	TIN

Part 7 Total Available Credit

30 Current year's credit FOR TAXPAYER THAT BUILT the house or dwelling unit:
- Individuals, corporations, exempt organizations with UBTI, or S corporations: Enter the amount from Part 1, line 3.
- S corporation shareholders: Enter the amount from Part 3, line 9.
- Partners of a partnership: Enter the amount from Part 4, line 15..... **30** 00

31 Current year's credit FOR PURCHASER OR TRANSFEREE of house or dwelling unit:
- Individuals, corporations, exempt organizations with UBTI, and S corporations: Enter the amount from Part 2, line 4.
- S corporation shareholders: Enter the amount from Part 3, line 11.
- Partners of a partnership: Enter the amount from Part 4, line 16..... **31** 00

Individuals: Also enter the sum of lines 30 and 31 (total current year credit) on Form 301, line 10, column (a).
Corporations, S corporations, and exempt organizations with UBTI: Also enter the sum of lines 30 and 31 (total current year credit) on Form 300, line 7, column (a).

32 Available credit carryover FOR TAXPAYER AS BUILDER of house or dwelling unit:
Enter the amount from Part 5, line 23, column (e)..... **32** 00

33 Available credit carryover for taxpayer AS PURCHASER OR TRANSFEREE of house or dwelling unit:
Enter the amount from Part 6, line 29, column (d)..... **33** 00

Individuals: Also enter the sum of lines 32 and 33 (total carryover) on Form 301, line 10, column (b).
Corporations, S corporations, and exempt organizations with UBTI: Also enter the sum of lines 32 and 33 (total carryover) on Form 300, line 7, column (b).

34 **Total available credit:** Add lines 30, 31, 32, and 33 ..... **34** 00

Individuals: Also enter this amount on Form 301, Part 1, line 10, column (c).
Corporations, exempt organizations with UBTI, and S corporations:
Also enter this amount on Form 300, Part 1, line 7, column (c).

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Name (as shown on Form 319): _____ TIN: _____ Page ____ of ____

Form 319-1 Solar Hot Water Heater Plumbing Stub Out and Electric Vehicle Recharge Outlet Installations 2014

	(a) House or Dwelling Unit Address	(b) Number of Stub Outs Installed	(c) Allowable Cost: Enter the lesser of actual installation cost or $75.	(d) Total Allowable Stub Out Cost: Multiply column (b) by column (c).	(e) Number of Recharge Outlets Installed	(f) Allowable Cost: Enter the lesser of actual installation cost or $75.	(g) Total Allowable Recharge Outlet Cost: Multiply column (e) by column (f).	(h) Total Allowable Credit for House or Dwelling Unit: Add columns (d) and (g).
1			$	$		$	$	$
2			$	$		$	$	$
3			$	$		$	$	$
4			$	$		$	$	$
5			$	$		$	$	$
6			$	$		$	$	$
7			$	$		$	$	$
8			$	$		$	$	$
9			$	$		$	$	$
10			$	$		$	$	$
11	TOTAL: Add lines 1 through 10			$			$	$

If the taxpayer has made qualifying installations in more than 10 houses or dwelling units, complete and include additional sheets of Form 319-1.

Name (as shown on Form 319): _____ TIN: _____ Page ____ of ____

Form 319-2 Tax Credits Transferred to the Purchaser or Transferee of a House or Dwelling Unit 2014

	(a) House or Dwelling Unit Address	(b) Name(s) of Purchaser or Transferee	(c) Current Taxable Year's Credit Transferred: Enter amount for house or dwelling unit from 2014 Form 319-1, column (h).	(d) Credit Transfer for Prior Taxable Year Ending: List taxable year in which the taxpayer made the qualifying installations.	(e) Amount of Prior Taxable Year Credit Transferred for House or Dwelling Unit: Amount from Form 319-1, column (h) filed for taxable year listed in column (d).	(f) Total Credit Transfers: Add columns (c) and (e).
1			$		$	$
2			$		$	$
3			$		$	$
4			$		$	$
5			$		$	$
6			$		$	$
7			$		$	$
8			$		$	$
9			$		$	$
10			$		$	$
11	TOTAL: Add lines 1 through 10		$		$	$

If the taxpayer is transferring the tax credit for more than 10 houses or dwelling units, complete and include additional sheets of Form 319-2.

2014 Credit for Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlets

Arizona Form 319

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

Phoenix	(602) 255-3381
From area codes 520 and 928, toll-free	(800) 352-4090

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

General Instructions

Arizona Revised Statutes §§ 43-1090 and 43-1176 provide nonrefundable individual and corporate income tax credits for the installation of solar hot water heater plumbing stub outs and electric vehicle recharge outlets in houses or dwelling units constructed by the taxpayer. The houses or dwelling units must be located in Arizona.

Qualifying installations of solar hot water heater plumbing stub outs must:

- Include two insulated three-fourths inch copper pipes and at least two pairs of wires for monitoring and control purposes that project from the dwelling roof or other suitable locations and that are connected to the domestic hot water transport and storage system.
- Be located and configured to allow sufficient solar access and exposure and to allow ready installation of solar water heating devices without further expense or effort to reach, use or serve the domestic hot water system of the house or dwelling.

Qualifying installations of electric vehicle recharge outlets must be connected to the utility system by a dedicated line that:

- Is capable of operating at normal secondary voltages.
- Meets applicable local building safety codes.
- Is commensurate and consistent with electric vehicle recharging needs and methods.

The amount of the credit is equal to the lesser of $75 or the installation cost for each installation of a solar hot water heater plumbing stub out or an electric vehicle recharge outlet in each separate house or dwelling unit.

The taxpayer that constructed the house or dwelling unit may transfer the credit for that house or dwelling unit to a purchaser or transferee. A taxpayer that transfers the credit for a house or dwelling unit must provide a written statement to the purchaser or transferee of the house or dwelling unit. The written statement must include the name of the purchaser or transferee, the address of the house or dwelling unit, the number of stub outs or outlets installed, the installation cost of each, and a certification that the taxpayer has elected not to claim the credit and has elected to transfer the credit to the purchaser or transferee. If the builder transfers the credits for more than one house or dwelling unit to a purchaser or transferee, the builder must provide a separate written statement for each house or dwelling unit.

The tax credit is in lieu of a deduction for the expenses of installing the solar hot water heater plumbing stub outs and electric vehicle recharge outlets for which the credit is claimed.

Co-owners of a business, including partners in a partnership and shareholders of an S corporation, may each claim only the pro rata share of the credit allowed based on the ownership interest. The total of the credits allowed all such owners may not exceed the amount that would have been allowed for a sole owner of the business.

The credit is available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate UBTI.

If the allowable tax credit exceeds the taxes otherwise due, or if there are no taxes due, the amount of the credit not used to offset taxes may be carried forward for not more than five consecutive taxable years as a credit against subsequent years' income tax liability.

Specific Instructions

Complete the name and taxpayer identification number section at the top of the form. Indicate the period covered by the taxable year. Include the completed form with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, an exempt organization with UBTI, an S corporation, or a partnership is the taxpayer's employer identification number. The TIN for an individual is the taxpayer's social security number or an Internal Revenue Service individual taxpayer identification number. Taxpayers that fail to include their TIN may be subject to a penalty.

Part 1 - Current Taxable Year's Credit Calculation for Taxpayer That Built the House or Dwelling Unit

Line 1 and Form 319-1 -

Complete Form 319-1 before completing Part 1, line 1, of Form 319. Complete Form 319-1 to list the qualifying installations of solar hot water heater plumbing stub outs and electric vehicle recharge outlets for the taxable year. Enter the total from column (h) of the completed Form(s) 319-1 on Part 1, line 1, of Form 319.

Line 2 and Form 319-2 -

Complete Form 319-2 before completing Part 1, line 2, of Form 319. Complete Form 319-2 to list (a) the tax credit transfers for solar hot water heater plumbing stub outs and electric vehicle recharge outlets installed during the current taxable year; and (b) the tax credit transfers for solar hot water heater plumbing stub outs and electric vehicle recharge outlets installed in prior taxable year(s). Enter the total from column (c) of the completed Form(s) 319-2 on Part 1, line 2, of Form 319.

Line 3 -

Subtract line 2 from line 1. Enter the difference. This is the current taxable year's credit for the taxpayer that built the house(s) or dwelling unit(s).

Part 2 - Current Taxable Year's Credit for Purchaser or Transferee of the House or Dwelling Unit

Line 4 -

Enter the total amount of the credit(s) transferred to the taxpayer as a purchaser or transferee of the house(s) or dwelling unit(s) during the current taxable year. Obtain the amount for each house or dwelling unit from the written statement(s) provided by the builder(s) of the house(s) or dwelling unit(s). Be sure to include a copy of the statement(s) with Form 319 when you file your return.

Part 3 - S Corporation Credit Elections and Shareholder's Share of Credit

Line 5 - S Corporation Election for Tax Credit as Builder of House or Dwelling Unit

S corporations must complete line 5. The S corporation must make an irrevocable election to either claim the credit or pass the credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to Arizona Form 120S.

Line 6 - S Corporation Election for Tax Credit as Purchaser or Transferee of House or Dwelling Unit

S corporations that are the purchaser/transferee of a house or dwelling unit must complete line 6. The S corporation must make an irrevocable election to either claim the credit or pass the credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to Arizona Form 120S.

Lines 7 through 12 -

If the S corporation elects to pass the credits through to its shareholders, it must also complete lines 7 through 12.

If the S corporation is passing the credit through to its shareholders as the builder of the house(s) or dwelling unit(s), the S corporation must complete Part 1 of Form 319, Form(s) 319-1, and Form(s) 319-2, if applicable. If the S corporation has received the credit(s) as a purchaser or transferee, the S corporation must also complete Part 2 of Form 319. Then, complete Part 3, lines 7 through 12, separately for each shareholder. If the S corporation enters an amount on line 11, it should provide a copy of the statement received from the transferor to each shareholder.

Each S corporation shareholder is entitled to only a pro rata share of pass-through credit based on ownership interest in the S corporation. The total of the credit allowed to all shareholders may not exceed the amount that would have been allowed for a sole owner.

The S corporation must furnish each shareholder with a copy of pages 1, 2 and 3 of Form 319. Each shareholder must complete Part 5, Part 6, and Part 7, as applicable.

NOTE to individual shareholders of an S Corporation: The credit is in lieu of a deduction for the installation expenses for which the credit is claimed. If you are claiming the credits in Part 3, line 9 and/or line 11, you must include the amounts from Part 3, line 10 and/or line 12, on your Arizona income tax return under “Other Additions”.

Part 4 - Partner's Share of Credit

Lines 13 through 16 -

If the partnership is passing the credit through to its partners as the builder of the house(s) or dwelling unit(s), the partnership must complete Part 1 of Form 319, Form(s) 319-1, and Form(s) 319-2, if applicable. If the partnership has received the credit(s) as a purchaser or transferee, the partnership must also complete Part 2 of Form 319. Then, complete lines 13 through 16 separately for each partner. If the partnership enters an amount on line 16, it should provide a copy of the statement received from the transferor to each partner.

Each partner is entitled to only a pro rata share of the credit based on the partner’s ownership interest in the partnership. The total of the credit allowed to all partners may not exceed the amount that would have been allowed for a sole owner.

The partnership must furnish each partner with a copy of pages 1, 2 and 3 of Form 319. Each partner must complete Part 5, Part 6, and Part 7, as applicable.

Part 5 - Available Credit Carryover for Taxpayer as Builder of House or Dwelling Unit

Complete Part 5 only if the allowable credit for prior taxable years exceeded the Arizona income tax liability for those taxable years.

Each partner or S corporation shareholder must complete Part 5 for the computation of the available carryover of the credit passed through by the partnership or S corporation.

Line 17 -

In columns (a) through (e), enter the applicable taxable years.

Line 18 -

In columns (a) through (e), enter the amount of the original tax credit earned for that taxable year.

Line 19 -

In columns (a) through (e), enter the amount of the tax credit for the taxable year that has been previously used.

Line 20 -

In columns (a) through (e), subtract the amount on line 19 from the amount on line 18. Enter the difference in the applicable columns on line 20. This is the tentative carryover.

Line 21 -

In columns (a) through (e), enter the total amount of the tax credits that were transferred during the applicable taxable year to purchasers or transferees of the houses or dwelling units from Form(s) 319-2, column (e).

Line 22 -

In columns (a) through (e), subtract the amount on line 21 from the amount on line 20. Enter the difference in the

applicable columns on line 22. This is the carryover available from prior taxable years.

Line 23 -

Add the amounts in columns (a) through (e) on line 22. Enter the total in column (f) on line 23. This is the total available credit carryover for the current taxable year.

Part 6 - Available Credit Carryover for Taxpayer as Purchaser or Transferee of House or Dwelling Unit

Complete Part 6 only if the allowable credit for prior taxable years exceeded the Arizona income tax liability for those taxable years.

Each partner or S corporation shareholder must complete Part 6 for the computation of the available carryover of the credit passed through by the partnership or S corporation.

Calculate the total available credit carryover for the taxpayer as purchaser or transferee of house or dwelling unit on page 2, Part 6, lines 24 through 29.

Enter the applicable taxable year(s) in column (a) on lines 24 through 28. In column (b), enter the credit originally computed for that taxable year. In column (c), enter the amount of the credit from that taxable year which has already been used. Subtract the amount in column (c) from column (b) and enter the difference in column (d). Add the amounts entered on lines 24 through 28 in column (d). Enter the total on line 29, column (d). This is the total available credit carryover for the current taxable year.

Part 7 - Total Available Credit

Line 30 -

Enter the current year's credit for solar hot water heater plumbing stub outs and electric vehicle recharge outlets.

Individuals, corporations, exempt organizations with UBTI, and S corporations (that elected to claim the credit) - enter the current taxable year's credit from Part 1, line 3.

S corporation shareholders - enter the amount from Part 3, line 9.

Partners of a partnership - enter the amount from Part 4, line 15.

Line 31 -

Enter the current year's credit for solar hot water heater plumbing stub outs and electric vehicle recharge outlets as purchaser or transferee of the house or dwelling unit.

Individuals, corporations, exempt organizations with UBTI, and S corporations (that elected to claim the credit) - enter the current taxable year's credit from Part 2, line 4.

S corporation shareholders - enter the amount from Part 3, line 11.

Partners of a partnership - enter the amount from Part 4, line 16.

Line 32 -

Enter the total available credit carryover from Part 5, line 23, column (e).

Line 33 -

Enter the total available credit carryover from Part 6, line 29, column (d).

Line 34 -

Add lines 30, 31, 32, and 33. This is the total available credit which may be applied to the current taxable year's tax liability.

Corporations, exempt organizations with UBTI, and S corporations - enter the total here and on Form 300, Part 1, line 7, column (c).

Individuals - enter the total here and on Form 301, Part 1, line 10, column (c).

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Arizona Form **320**

Credit for Employment of TANF Recipients

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y.

Your Name as shown on Form 140, 140PY, 140NR, 140X, 99T, 120, 120A, 120S, 120X or 165	Your Social Security or Employer Identification Number
Spouse's Name as shown on Form 140, 140PY, 140NR, 140X (if a joint return)	Spouse's Social Security Number

Part 1 Business Information

1 Business name:

2 Business location:

3 Employer Identification Number:

Part 2 Net Increase in Qualified Employment Positions

4	Average number of qualified employment positions during the current taxable year	4	
5	Average number of qualified employment positions during the immediately preceding taxable year	5	
6	Net increase in the number of qualified employment positions: Subtract line 5 from line 4	6	
7	Number of positions on line 6 that are eligible for any other income tax credit under Arizona law	7	
8	Maximum number of positions eligible for the credit: Subtract line 7 from line 6	8	

Part 3 Qualifying New Employees

9	New employees hired during the year	9	
10	Qualified new employees	10	
11	Maximum number of qualifying net new employees: Enter the smaller of line 8 or line 10	11	

Part 4 Credit Calculation for Qualified Employees

		(a) No. of Qualifying Employees	(b) Qualifying Wages		(c) Percentage	(d) Allowable Credit	
12	Qualifying Net New Employees 12		$	00	25%	$	00
13	Previously Qualified Employees in the Second Year of Continuous Employment 13		$	00	33.33%	$	00
14	Previously Qualified Employees in the Third Year of Continuous Employment 14		$	00	50%	$	00
15	TOTALS: Add lines 12 through 14, columns (a), (b) and (d) 15		$	00		$	00

Part 5 S Corporation Credit Election and Shareholder's Share of Credit

16 The S corporation has made an irrevocable election for the taxable year ending: M M D D Y Y Y Y to **(check only one box):**

☐ Claim the credit for employment of TANF recipients, as shown on Part 4, line 15, column (d) for the taxable year mentioned above; OR

☐ Pass the credit for employment of TANF recipients, as shown on Part 4, line 15, column (d) for the taxable year mentioned above, through to its shareholders.

Signature Title Date

If passing the credit through to the shareholders, complete lines 17 through 20 separately for each shareholder.
Furnish each shareholder with a copy of pages 1 and 2 of Form 320.

17 Name of shareholder:

18 Shareholder's TIN:

19	Individual shareholder's share of total qualifying wage expense from Part 4, lines 12 through 14, column (b)	19	00
20	Shareholder's share of the amount on Part 4, line 15, column (d)	20	00

Continued on page 2 →

Your Name (as shown on page 1)	Your Social Security or Employer Identification Number

Part 6 Partner's Share of Credit

Complete lines 21 through 23 separately for each partner.
Furnish each partner with a copy of pages 1 and 2 of Form 320.

21 Name of partner:

22 Partner's TIN:

23 Partner's share of the amount on Part 4, line 15, column (d) **23** 00

Part 7 Available Credit Carryover

	(a) Taxable Year from which you are carrying the credit	(b) Original Credit Amount	(c) Amount Previously Used	(d) Available Carryover: Subtract column (c) from column (b).
24	2009	00	00	00
25	2010	00	00	00
26	2011	00	00	00
27	2012	00	00	00
28	2013	00	00	00
29	TOTAL AVAILABLE CARRYOVER: Add lines 24 through 28, column (d)			00

Part 8 Total Available Credit

30 Current year's credit:
- Individuals, corporations, S corporations that are claiming the credit, or exempt organizations with UBTI: Enter the amount from Part 4, line 15, column (d).
- S corporation shareholders: Enter the amount from Part 5, line 20.
- Partners of a partnership: Enter the amount from Part 6, line 23 ..... **30** 00

Individuals: Also enter this amount on Arizona Form 301, line 11, column (a).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Arizona Form 300, line 8, column (a).

31 Available carryover from Part 7, line 29, column (d)..... **31** 00
Individuals: Enter this amount on Arizona Form 301, line 11, column (b).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Arizona Form 300, line 8, column (b).

32 Total Available Credit: Add lines 30 and 31 and enter the total **32** 00
Individuals: Also enter on Arizona Form 301, Part 1, line 11, column (c).
Corporations, including S corporations that are claiming the credit and exempt organizations with UBTI: Also enter on Arizona Form 300, Part 1, line 8, column (c).

Individual shareholders of an S Corporation: If you are claiming this credit, you must include the amount from Part 5, line 19, on your Arizona income tax return, under "Other Additions".

Your Name (as shown on Form 320 page 1)	Your Social Security or Employer Identification Number

Page _____ of _____

Form 320-1 Qualifying Employees 2014

	(a) Employee's Name	(b) Social Security Number	(c) Date of Hire	(d) Was this employee an Arizona resident on date of hire?	(e) Was this employee receiving TANF benefits on date of hire?
1				☐ Yes ☐ No	☐ Yes ☐ No
2				☐ Yes ☐ No	☐ Yes ☐ No
3				☐ Yes ☐ No	☐ Yes ☐ No
4				☐ Yes ☐ No	☐ Yes ☐ No
5				☐ Yes ☐ No	☐ Yes ☐ No
6				☐ Yes ☐ No	☐ Yes ☐ No
7				☐ Yes ☐ No	☐ Yes ☐ No
8				☐ Yes ☐ No	☐ Yes ☐ No
9				☐ Yes ☐ No	☐ Yes ☐ No
10				☐ Yes ☐ No	☐ Yes ☐ No
11				☐ Yes ☐ No	☐ Yes ☐ No
12				☐ Yes ☐ No	☐ Yes ☐ No
13				☐ Yes ☐ No	☐ Yes ☐ No
14				☐ Yes ☐ No	☐ Yes ☐ No
15				☐ Yes ☐ No	☐ Yes ☐ No
16				☐ Yes ☐ No	☐ Yes ☐ No
17				☐ Yes ☐ No	☐ Yes ☐ No
18				☐ Yes ☐ No	☐ Yes ☐ No
19				☐ Yes ☐ No	☐ Yes ☐ No
20				☐ Yes ☐ No	☐ Yes ☐ No
21				☐ Yes ☐ No	☐ Yes ☐ No
22				☐ Yes ☐ No	☐ Yes ☐ No
23				☐ Yes ☐ No	☐ Yes ☐ No
24				☐ Yes ☐ No	☐ Yes ☐ No
25				☐ Yes ☐ No	☐ Yes ☐ No

If you have more than 25 qualifying employees, complete additional schedules and include behind this page.

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Your Name (as shown on Form 320, page 1)	Your Social Security or Employer Identification Number

Page _____ of _____

Form 320-2 Qualifying Employees for Which You are Claiming a Credit 2014

	(a) Employee's Name	(b) Social Security Number	(c) Type of Employee Check the appropriate box. This employee is a: (c1) 1st Year Employee	(c2) 2nd Year Employee	(c3) 3rd Year Employee	(d) Total Wages Paid to the Employee During the Current Taxable Year Less Wages Subsidized as Provided by A.R.S. §46-299		(e) Maximum Allowable Wages: Enter the lesser of column (d) or the maximum allowed below. (e1) Year 1 $2000	(e2) Year 2 $3000	(e3) Year 3 $3000
1			☐	☐	☐		00			
2			☐	☐	☐		00			
3			☐	☐	☐		00			
4			☐	☐	☐		00			
5			☐	☐	☐		00			
6			☐	☐	☐		00			
7			☐	☐	☐		00			
8			☐	☐	☐		00			
9			☐	☐	☐		00			
10			☐	☐	☐		00			
11			☐	☐	☐		00			
12	TOTAL: • For column (c), add the number of employees in each column (c1), (c2) and (c3), and enter the total for each column on line 12. • For columns (d) and (e), add the amounts in each column and enter the total for each column on line 12. 12						00			

If you have more than 11 qualifying employees for which you are claiming a credit, complete additional schedules and include behind this page.

2014 Credit for Employment of TANF Recipients

Phone Numbers

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 and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

Publications and Brochures

To view or print the department's publications and brochures, go to our website and click on *Publications*.

General Instructions

Arizona law provides a nonrefundable credit for employers that employ recipients of Temporary Assistance for Needy Families (TANF). TANF is assistance granted under Section 403 of Title IV of the Social Security Act, as it exists after August 21, 1996.

The credit for employing TANF recipients is equal to:

1. One-fourth of the taxable wages paid to each qualified employee in the first year or partial year of employment, not to exceed $500 per net new employee.
2. One-third of the taxable wages paid to each previously qualified employee in the second year of continuous employment, not to exceed $1,000 per net new employee.
3. One-half of the taxable wages paid to each previously qualified employee in the third year of continuous employment, not to exceed $1,500 per net new employee.

You cannot take a deduction for the same wages for which you claim a credit. For more information, see the instructions under "*Other Additions to Income*" for the income tax return you will file.

You cannot claim this credit for any position that is *eligible* for any other Arizona employment credit based on wages paid.

If the allowable credit exceeds your income tax liability, you may carry over any unused amount for up to five consecutive taxable years.

This credit is available to individuals, corporations, and S corporations. A partnership may pass the credit through to its partners. An S corporation may pass the credit through to its shareholders.

This credit is also available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate UBTI.

For more information on this credit, see the department's brochure, Pub 708, *Credit for Employment of Recipients of Temporary Assistance for Needy Families*.

Line-by-Line Instructions

Enter your name and Social Security Number (SSN) as shown on Arizona Forms 140, 140PY, 140NR, or 140X.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for an individual is the taxpayer's SSN or an Internal Revenue Service (IRS) individual taxpayer identification number (ITIN). Taxpayers that fail to include their identification number may be subject to a penalty.

Part 1 - Business Information

Lines 1 through 3 -

On lines 1, 2, and 3, enter the name, address, and employer identification number (EIN) of the business that employs qualifying employees.

Part 2 - Net Increase in Qualified Employment Positions

Lines 4 and 5 -

This credit is based on net increases in qualified employment positions. You must determine the net increase in the number of qualified positions by comparing the average number of qualified employment positions during the taxable year with the immediately preceding taxable year. This comparison is based on the report that you submit to the Arizona Department of Economic Security for unemployment purposes. The worksheet following the instructions for line 5 is provided to help you determine the average number of qualified positions for lines 4 and 5.

Line 4 -

Enter the average number of qualified employment positions during the current taxable year.

A qualified employment position is a position that meets **all** of the following.

- The position must be classified as full-time employment.
- The position must provide health insurance coverage if the employer offers the coverage to other employees not on TANF.
- The position must provide compensation at least equal to the minimum wage or a wage comparable to that paid other employees not receiving TANF in the same job classification.
- The position must be listed on the report that you submit to the Arizona Department of Economic Security for unemployment purposes.

Line 5 -

Enter the average number of qualified employment positions during the immediately preceding taxable year. If the

business is a newly established business, the business would not have any qualified employment positions during the immediately preceding taxable year. A newly established business would have zero average employment positions during the immediately preceding taxable year. This business would enter zero on line 5.

If the business is an established business, the business must figure the average qualified employment positions of the immediately preceding taxable year using the worksheet below. Line 15 of the worksheet's immediately preceding taxable year column is the amount you should enter on line 5.

Complete the following worksheet to determine the average employment.

On lines 1 through 12 below, enter the number of qualifying employment positions the business had during each month of the current taxable year and the immediately preceding taxable year.

		Line 4 Column Current Taxable Year	Line 5 Column Immediately Preceding Taxable Year
1.	January		
2.	February		
3.	March		
4.	April		
5.	May		
6.	June		
7.	July		
8.	August		
9.	September		
10.	October		
11.	November		
12.	December		
13.	Total. *Add lines 1 through 12.*		
14.	Total number of months during the taxable year in which you were in business.		
15.	Average - *Divide the number on line 13 by the number on line 14. Do not round the quotient.*		

Line 6 - Net Increase in the Number of Qualified Employment Positions

Subtract line 5 from line 4. If this amount is less than one, enter zero. If this amount contains a decimal, round **down** to the next whole number. This is your net increase in qualified employment positions.

NOTE: *If the amount shown on line 6 is zero or less, you may not claim this credit for qualified employees hired during the year.*

Line 7 -

You cannot take this credit for any position that is *eligible* for any other Arizona employment credit based on wages paid. On line 7, enter the number of positions on line 6 that are eligible for any other income tax credit under Arizona law.

Line 8 -

Subtract line 7 from line 6. This is the maximum number of new employment positions for which you may claim a credit for employees in their first year of employment.

Part 3 - Qualifying New Employees

Line 9 -

Enter the total number of new employees hired during the year.

Line 10 - Qualified New Employees

Enter the number of employees shown on line 9 who are qualified employees.

A qualified employee is an employee who meets **all** of the following criteria.

- The employee is a resident of Arizona.
- The employee was a recipient of TANF at the time he or she was hired. The employer should obtain documentation from the employee substantiating that the employee was a TANF recipient on the date of hire.
- The employee was employed for at least ninety days during the first taxable year. An employee hired with less than 90 days left in the taxable year is considered to be a new employee in the next taxable year. Periods when the employee's wages are subsidized under A.R.S. § 46-299 cannot be counted as employment time.
- The employee was not employed by the taxpayer within 12 months before the current date of hire.

Line 11 - Maximum Number of Qualifying Net New Employees

Enter the smaller of line 8 or line 10. This is the maximum number of qualifying net new employees for which you may claim a credit.

Part 4 - Credit Calculation for Qualified Employees

Lines 12 through 15 and Form 320-1 and Form 320-2

Important: *Before completing Part 4, lines 12 through 15 of Form 320, complete Form 320-1, and Form 320-2.*

Form 320-1 Qualifying Employees

List each employee who is a qualified employee. List each employee's name and social security number. Also, list the date each employee was hired. You must also answer the questions in columns (d) and (e).

Form 320-2 Qualifying Employees for Which You are Taking a Credit

List each qualifying employee from Form 320-1 for whom you are taking the credit. List the employees' names and

social security numbers. Complete columns (c) through (e), as instructed on the form.

Form 320

Line 12 - Column (a)

Enter the number of qualifying net new employees from Form 320-2, line 12, column c1.

NOTE: *The maximum number of qualifying net new employees entered on line 12, column (a), cannot exceed the number of qualified net new employees entered on line 11 (Part 3).*

Line 12 - Column (b)

Enter the maximum allowable wages for all of your qualifying first year employees from Form 320-2, line 12, column e1.

Line 12 - Column (d)

Multiply the amount entered on line 12, column (b), by the percent shown on line 12, column (c). Enter the result on line 12, column (d). This is the allowable credit for qualifying net new employees.

Line 13 - Column (a)

Enter the total number of previously qualified employees in the second year of continuous employment from Form 320-2, line 12, column c2.

NOTE: *The maximum number of previously qualified employees in the second year of continuous employment entered on line 13, column (a), cannot exceed the number of qualified net new employees entered on the **2013** Form 320, line 11 (Part 3).*

Arizona's statutes do not require that the employee who is claimed in the second year of continuous employment be the same employee who was claimed in the first year of employment. Therefore, if one of the originally claimed net new employees leaves employment in year two, the business can claim the second year credit for another previously qualified employee who is in the second year of continuous employment.

Line 13 - Column (b)

Enter the maximum allowable wages for all previously qualified employees in the second year of continuous employment, from Form 320-2, line 12, column e2.

Line 13 - Column (d)

Multiply the amount shown on line 13, column (b), by the percent shown on line 13, column (c). Enter the result on line 13, column (d). This is the allowable credit for previously qualified employees in their second year of continuous employment.

Line 14 - Column (a)

Enter the total number of previously qualified employees in the third year of continuous employment from Form 320-2, line 12, column c3.

NOTE: *The maximum number of previously qualified employees in the third year of continuous employment entered on line 14, column (a), cannot exceed the number of qualified net new employees entered on the **2012** Form 320, line 11 (Part 3).*

Arizona's statutes do not require that the employee who is claimed in the third year of continuous employment be the same employee who was claimed in the second year of employment. Therefore, if one of the originally claimed net new employees leaves employment in year three, the business can claim the third year credit for another previously qualified employee who is in the third year of continuous employment.

Line 14 - Column (b)

Enter the maximum allowable wages for all previously qualified employees in the third year of continuous employment from Form 320-2, line 12, column e3.

Line 14 - Column (d)

Multiply the amount shown on line 14, column (b), by the percent shown on line 14, column (c). Enter the result on line 14, column (d). This is the allowable credit for previously qualified employees in their third year of continuous employment.

Line 15 -

- Add the amounts in column (a) on lines 12, 13 and 14; enter the total in column (a) on line 15.
  The amount entered on line 15, column (a), is the total number of qualified employees for which you are claiming the credit.
- Add the amounts in column (d) on lines 12, 13 and 14; enter the total in column (d) on line 15.
  The amount entered on line 15, column (d), is the total allowable credit for qualified employees for the current taxable year.

Part 5 - S Corporation Credit Election and Shareholder's Share of Credit

Line 16 -

The S corporation must complete this portion of the Form 320 in order for the S corporation or its shareholders to claim this credit. The S corporation must make an irrevocable election either to claim the credit or to pass the credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to the Arizona Form 120S.

Lines 17 through 20 -

If the S corporation elects to pass the credit through to its shareholders, it must also complete lines 17 through 20 for each individual shareholder.

S corporations must complete Form 320, Parts 1 through 5. The S corporation must complete Part 5, lines 17 through 20, separately for each shareholder. Each shareholder may claim only a pro rata share of the credit based on the shareholder’s ownership interest in the S corporation.

Line 19 – Individual Shareholder’s share of the Qualifying Wages used to compute the allowable current year credit.

An individual shareholder cannot take a subtraction for the same expenses for which the credit is claimed. If the shareholder claims the credit, the shareholder is required to add back the pro-rata portion of the total expenses used to compute the allowable current year credit.

Enter the shareholder's pro-rata share of the total amount of qualifying wages used to compute the allowable current year credit.

For example:

Arizona Form 320 line:	(b) Qualifying Wages
12. Net new employees…	$15,000
13. Second-year employees…	$27,000
14. Third-year employees…	$38,000
Total Qualifying Wages	$80,000
An individual shareholder has a 20% pro-rata share. The amount the S Corporation would enter on line 19 for this shareholder is $16,000 ($80,000 X 20%).	

Line 20 – Individual Shareholder's share of the Current Year Credit

Enter the individual shareholder's pro-rata share of the amount on Part 4, line 15, column (d).

The S corporation must furnish each shareholder with a copy of pages 1 and 2 of Form 320.

Each shareholder must complete Parts 7 and 8.

Part 6 - Partner's Share of Credit

Lines 21 through 23 -

Partnerships must complete Form 320, Parts 1 through 4. Then complete Part 6, lines 21 through 23, separately for each partner. Each partner may claim only a pro rata share of the credit based on the partner's ownership interest in the partnership. The partnership must furnish each partner with a copy of pages 1 and 2 of Form 320.

Each partner must complete Parts 7 and 8.

Part 7 – Available Credit Carryover

Lines 24 through 29 -

Use Part 7 to figure your total available credit carryover from tax years 2009 through 2013. Complete lines 24 through 29 if you claimed the credit on a prior year return and the credit was more than your tax.

- In column (b), enter the credit originally computed for the taxable year listed in column (a).
- In column (c), enter the amount of the credit from that taxable year which you have already used.
- Subtract the amount in column (c) from column (b) and enter the difference in column (d).
- Add the amounts entered on lines 23 through 27 in column (d).

Enter the total on line 29, column (d).

Part 8 – Total Available Credit

Line 30 -

Individuals, corporations, S corporations claiming the credit, or exempt organizations with UBTI, enter the amount from Part 4, line 15, column (d). S corporation shareholders, enter the amount from Part 5, line 20. Partners of a partnership, enter the amount from Part 6, line 23.

Line 31 -

Enter the amount from Part 7, line 29, column (d).

Line 32 -

Add lines 30 and 31. Enter the total.
Individuals: Also, enter on Form 301, line 11, column (c).

Corporations, including S corporations that are claiming the credit and exempt organizations with UBTI: Also, enter on Form 300, line 8, column (c).

Individual Shareholders of an S Corporation: If you are claiming this credit, you must include the amount from Part 5, line 19, on your Arizona income tax return, under "Other Additions".

Arizona Form **321**

Credit for Contributions to Qualifying Charitable Organizations

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Your Name as shown on Form 140, 140NR, 140PY or 140X	Your Social Security Number
Spouse's Name as shown on Form 140, 140NR, 140PY or 140X (if joint return)	Spouse's Social Security Number

Part 1 Current Year's Credit

SECTION A – Contributions to Qualifying Charitable Organizations

Complete **Section A** if you made cash contributions to a qualifying charitable organization other than a qualifying foster care charitable organization. Do not include donations to a qualifying foster care charitable organization in Section A.
NOTE: If you made cash contributions to more than three qualifying charities, include a separate schedule.

	(a) Name of Qualifying Charity to which you made cash contributions	(b) Location of Qualifying Charity (City, State)	(c) Cash Amount	
1a				00
1b				00
1c				00

1d	Total Cash Contributions: Add the amounts in column (c) of lines 1a, 1b, and 1c. Also, add any amount included on a separate schedule	1d	00
2	Single Taxpayers or heads of household, enter $200. Married taxpayers, enter $400	2	00
3	Enter the smaller of line 1d or line 2	3	00

- **If you did not make any cash contributions to a qualifying foster care organization, and your filing status is:**
  - Single, head of household, or married filing joint, do the following:
    - ☐ Enter the total amount from line 3 in Part 3, line 15.
    - ☐ Skip Section B, and go to Part 2.
  - Married filing separate (see instructions)
    - ☐ In most cases, enter one-half (1/2) of the amount from line 3 in Part 3, line 15.
    - ☐ Skip Section B, and go to Part 2.
- **If you made any cash contributions to a qualifying foster care charitable organization, do the following:**
    - ☐ Enter amount from line 3 in Section B, line 5.
    - ☐ Complete Section B.

SECTION B – Contributions to Qualifying Foster Care Charitable Organizations

Complete **Section B** to claim a credit for cash contributions made to a qualifying foster care charitable organization that provides foster care services to foster children in Arizona.
NOTE: If you made cash contributions to more than three qualifying foster care charities, include a separate schedule.

	(a) Name of Qualifying Foster Care Charity to which you made cash contributions	(b) Location of Qualifying Charity (City, State)	(c) Cash Amount	
4a				00
4b				00
4c				00

4d	Total Cash Contributions: Add the amounts in column (c) of lines 4a, 4b, and 4c. Also, add any amount included on a separate schedule	4d	00
5	Enter the amount from Section A, line 3	5	00
6	Add line 4d and line 5, enter the total	6	00
7	Single taxpayers or heads of household, enter $400. Married taxpayers filing joint, enter $800	7	00
8	Enter the smaller of line 6 or line 7. In most cases, if you are married filing a separate return, enter one-half (1/2) of the smaller of line 6 or line 7. See instructions	8	00

Continued on page 2 ➔

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

Part 2 Available Credit Carryover

	(a) Taxable Year from which you are carrying the credit	(b) Original Credit Amount	(c) Amount Previously Used	(d) Available Carryover: Subtract column (c) from column (b).
9	2009	00	00	00
10	2010	00	00	00
11	2011	00	00	00
12	2012	00	00	00
13	2013	00	00	00
14	TOTAL AVAILABLE CARRYOVER: Add lines 9 through 13, column (d)			00

Part 3 Total Available Credit

15	Current year's credit: Enter the amount from Part 1, Section A, line 3 or Section B, line 8..... Enter this amount on Arizona Forms 301, Part 1, line 12, column (a).	15	00
16	Available credit carryover from Part 2, line 14, column (d)..... Enter this amount on Arizona Form 301, Part 1, line 12, column (b).	16	00
17	Total Available Credit: Add line 15 and line 16..... Enter this amount on Arizona Form 301, Part 1, line 12, column (c).	17	00

2014 Credit for Contributions To Qualifying Charitable Organizations

Arizona Form 321

Phone Numbers

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 and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

Publications and Brochures

To view or print the department's publications and brochures, go to our website and click on *Publications*.

General Instructions

NOTE: *Beginning 2014, you* ***must*** *also complete Arizona Form 301,* Nonrefundable Individual Tax Credits and Recapture*, and include Forms 301 and 321 with your tax return to claim this credit.*

Arizona law provides a credit for cash contributions made to certain charities that provide help to the working poor. The maximum amount of credit for these donations is $200 for single taxpayers or heads of household. For married taxpayers, the maximum credit is $400.

The maximum credit may be increased for cash contributions made to a qualified foster care charitable organization that is also a qualified charitable organization. If you made a contribution to a qualified foster care charitable organization, you can increase the maximum credit amount allowed from $200 to $400 ($400 to $800 for married filing joint).

If you made cash contributions to **both** types of charities during the taxable year, the **total combined maximum** credit allowed for the taxable year is $400 for single taxpayers or heads of household but no more than $200 of the total may be for contributions to a non-foster care qualifying charitable organization. For married taxpayers, the **total combined maximum** credit allowed for the taxable year is $800 but no more than $400 of the total may be for contributions to a non-foster care qualifying charitable organization.

In most cases, for married taxpayers who file separate returns, each spouse may claim only one-half (1/2) of the total credit that would have been allowed on a joint return. If you are married filing a separate return, but you could have filed a joint return, you may take only 1/2 of the total credit that you and your spouse would have been allowed to take on a joint return.

If the allowable tax credit is more than your tax or if you have no tax, you may carry the unused credit forward for up to the next five consecutive taxable years' income tax liability.

This credit is available only to individuals. Corporations may not claim this credit. A partnership may not pass the credit through to its partners. An S corporation may not pass the credit through to its shareholders.

You may qualify for this credit if you make cash contributions to a qualified charity through an Umbrella Charitable Organization (UCO). An UCO is a charitable organization that collects donations on behalf of member charities and directs that donation as designated by the taxpayer to a qualifying charitable organization or a qualifying foster care charitable organization that is certified by the department.

In this case, 100% of the donation to a specific qualifying charitable organization or qualifying foster care charitable organization or to a specific fund of the UCO must be distributed to a qualifying charitable organization or a qualifying foster care charitable organization that is certified by the department.

The UCO will need to provide you with a receipt for your donation that specifies the qualifying charity or fund to whom the donation is designated and certifies that 100% of the donation will be distributed to the named charity. If a fund is designated then the receipt should certify that either 100% of the fund is distributed to a qualifying charity that is certified by the department or 100% of the fund is distributed to qualifying foster care charitable organization that is certified by the department.

NOTE: *You may be able to make contributions to these charities through your payroll withholding. Contact your employer and ask if they can withhold contributions for this credit from your pay.*

For more information about this credit, see the department's publication, Pub 710, *Credit for Contributions to Qualifying Charitable Organizations.*

What is a Qualifying Charitable Organization?

A qualifying charitable organization (charity) is a charity that is exempt from federal income tax under Internal Revenue Code (IRC) § 501(c)(3). A qualifying charity is also a charity that is a designated community action agency that receives Community Services Block Grant Program money under the United States Code, Title 42, Section 9901. The charity must spend at least 50% of its budget on services to Arizona residents who receive Temporary Assistance for Needy Families benefits, who are low income Arizona residents, or who are chronically ill or physically disabled children.

For the purpose of this credit, qualifying services are services that meet the recipient's immediate basic needs. The services must be provided and used in Arizona. Services that meet these needs include cash assistance, medical care, childcare, food, clothing, shelter, job training, and job placement services.

A qualifying charitable organization also includes charities that are *qualifying foster care charitable organizations*. A qualifying foster care charitable organization is a qualifying charitable organization that each operating year provides services to at least two hundred foster children in Arizona. The charity must spend at least 50% of its budget on services to foster children in this state.

"Foster child" means a child placed in a foster home or child welfare agency. "Foster home" means a home maintained by any individual or individuals having the care or control of minor children, other than those related to each other by blood or marriage, or related to such individuals, or who are legal wards of such individuals.

How Can I Tell if a Charity Qualifies?

In order to qualify, a charity must provide the Department with written certification that it meets the criteria necessary to be considered a qualifying charity. To see if a particular charity qualifies, you should visit the department's website and click on *Tax Credits* to see a list of the qualifying charities.

Line-by-Line Instructions

Part 1 - Current Year's Credit

Section A - Contributions to Qualifying Charitable Organizations

Complete Section A to claim a credit for cash contributions made to a qualified charitable organization *other* than a qualified foster care charitable organization.

Include any additional schedule with the credit form.

NOTE: *Do not include donations to qualified foster care charitable organizations in Section A. List those cash contributions in Section B.*

Lines 1a, 1b, and 1c -

Enter the name(s) and location of each qualifying charity to which you made cash contributions. Enter the amount donated to each charity in column (c).

If you donated to more than 3 qualifying charities, complete an additional schedule. The schedule should show the same information required for each of the additional charities to which you made contributions.

Line 1d -

Add the amount of cash contributions made to all qualifying charities listed in column (c) on lines 1a, 1b, 1c, and any additional schedule. Enter the total on line 1d.

Line 2 -

- Single taxpayers or heads of household, enter $200.
- Married taxpayers, enter $400.

Line 3 - Current Year's Credit

Enter the smaller of line 1d or line 2.

If you did <u>not</u> make any cash contributions to a qualified foster care charitable organization, and your filing status is:

- Single, head of household, or married filing joint
  - Enter the **total** amount from line 3 in Part 3, line 15.
  - Skip Section B and go to Part 2.
- Married filing separate
  - If you are married filing a separate return, but you could have filed a joint return, you may take only 1/2 of the total credit that you and your spouse would have been allowed to take on a joint return, up to a maximum of $200 each. In this case, enter **one-half** (1/2) of the amount from line 3 in Part 3, line 15.
  - Skip Section B and go to Part 2.

If you made any cash contributions to a qualified foster care charitable organization, do the following:

- Enter the **total** amount from line 3 in Section B, line 5.
- Complete Section B.

Section B - Contributions to Qualifying Foster Care Charitable Organizations

Complete Section B to claim a credit for cash contributions made to a qualified foster care charitable organization.

Lines 4a, 4b, and 4c -

Enter the name(s) and location of each qualifying foster care charity to which you made cash contributions. Enter the amount donated to each charity in column (c).

If you donated to more than 3 qualifying charities, complete an additional schedule. The schedule should show the same information required for each of the additional charities to which you made contributions.

Line 4d -

Add the amount of cash contributions made to all qualifying foster care charities listed in column (c) on lines 4a, 4b, 4c, and any additional schedule. Enter the total on line 4d.

Line 5 -

Enter the amount from Section A, line 3.

Line 6 -

Add line 4d and line 5; and enter the total.

Line 7 -

- Single taxpayers or heads of household, enter $400.
- Married taxpayers, enter $800.

Line 8 -

Enter the smaller of line 6 or line 7.

If you are married filing a separate return, but you could have filed a joint return, you may take only one-half of the total credit that you and your spouse would have been allowed to take on a joint return, up to a maximum of $400 each.

In this case, enter one-half of the smaller of line 6 or 7.

Part 2 - Available Credit Carryover

Lines 9 through 14 -

Use lines 9 through 14 to figure your total available credit carryover from taxable years 2009 through 2013.

Complete lines 9 through 14 if you claimed this credit on a return for one of these years and the credit was more than your tax.

NOTE: *You may carry over only that portion of the credit that you do not apply to tax. You cannot carry over any amount that you gave that was more than the maximum amount allowed as a credit.*

For example: During 2014, Mary, a single person, gave $300 to a qualified charity that provides services to the working poor. Mary also gave $200 to a qualified foster care charity. For 2014, Mary is allowed a maximum credit of $400. Mary's 2014 tax is $125. Mary can apply $125 of the credit to her 2014 tax liability and may carryover $275 of the unused $400 credit to 2015.

Mary cannot claim any credit for the $100 gift that was more than the allowable credit for cash contributions made to the qualifying charity that provided services to the working poor ($300 minus allowable credit of $200).

- In column (b), enter the credit originally computed for that taxable year listed in column (a).
- In column (c), enter the amount of the credit from that taxable year which you have already used.
- In column (d), subtract the amount in column (c) from column (b) and enter the difference.
- Add the amounts entered on lines 9 through 13 in column (d).

Enter the total on line 14, column (d).

Part 3 - Total Available Credit

Lines 15 through 17-

Use lines 15 through 17 to figure your total available credit for the taxable year.

Line 15 -

- If you are **not** claiming a credit for donations made to qualified foster care charities, enter the amount from Part 1, Section A, line 3.
- If you are claiming a credit for donations made to qualified foster care charities, enter the amount from Section B, line 8.

Line 16 -

Enter the amount of available carryover from Part 2, line 14, column (d).

Line 17 -

Add line 15 and line 16. Enter the total on line 17. This is your total available credit.

Enter the amount from Form 321, Part 3, line 17 on Arizona Form 301, Part 1, line 12, column (c).

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Arizona Form **322**

Credit for Contributions Made or Fees Paid to Public Schools

2014

Include with your return.

- Do not use this form for contributions to private school tuition organizations.
- See Form 323 for contributions to private school tuition organizations.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y.

Your Name as shown on Form 140, 140NR, 140PY or 140X	Your Social Security Number
Spouse's Name as shown on Form 140, 140NR, 140PY or 140X (if joint return)	Spouse's Social Security Number

Part 1 Current Year's Credit

Note: If you made cash contributions or paid fees to more than three public schools, include a separate schedule.

	(a) Name of Public School to which you made contributions or paid fees:	(b) School District Name and Number	(c) Location of Public School (City, State)	(d) Contribution Made or Fees Paid	
1					00
2					00
3					00

4	Total cash contributions made or fees paid to public schools in Arizona during 2014: Add the amounts in column (d) of lines 1, 2, and 3. Also add any amount included on a separate schedule	4		00
5	Single taxpayers or heads of household, enter $200. Married taxpayers filing joint enter $400	5		00
6	Current year's credit: Enter the smaller of line 4 or line 5. In most cases, if you are married filing a separate return, enter one-half of the smaller of line 4 or line 5. See instructions	6		00

Part 2 Available Credit Carryover

	(a) Taxable Year from which you are carrying the credit	(b) Original Credit Amount		(c) Amount Previously Used		(d) Available Carryover: Subtract column (c) from column (b).	
7	2009		00		00		00
8	2010		00		00		00
9	2011		00		00		00
10	2012		00		00		00
11	2013		00		00		00
12	TOTAL AVAILABLE CARRYOVER: Add lines 7 through 11, column (d)						00

Part 3 Total Available Credit

13	Current year's credit: Enter the amount from Part 1, line 6 Enter this amount on Arizona Form 301, Part 1, line 13, column (a).	13		00
14	Available credit carryover from Part 2, line 12, column (d) Enter this amount on Arizona Form 301, Part 1, line 13, column (b).	14		00
15	Total Available Credit: Add line 13 and line 14 Enter this amount on Arizona Form 301, Part 1, line 13 column (c).	15		00

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2014 Credit for Contributions Made or Fees Paid to Public Schools

Arizona Form 322

Phone Numbers

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

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Publications and Brochures

To view or print the department's publications and brochures, go to our website and click on *Publications*.

General Instructions

Note: *Beginning 2014, you* ***must*** *also complete Arizona Form 301,* Nonrefundable Individual Tax Credits and Recapture*, and include Forms 301 and 322 with your tax return to claim this credit.*

Arizona law provides a credit for cash contributions made and for certain fees paid to public schools in Arizona. The credit for contributions made or fees paid to a public school must be claimed in the year of the donation.

The credit is equal to the amount contributed or the amount of fees paid. For single taxpayers or heads of household, the credit cannot exceed $200. For married taxpayers that file a joint return, the credit cannot exceed $400. In most cases, for married taxpayers who file separate returns, each spouse may claim only one-half (1/2) of the credit that would have been allowed on a joint return.

If the allowable tax credit is more than your tax or if you have no tax, you may carry the unused credit forward for up to the next five consecutive taxable years' income tax liability.

This credit is available only to individuals. Corporations may not claim this credit. A partnership may not pass the credit through to its partners. An S corporation may not pass the credit through to its shareholders.

To qualify for the credit, you must make contributions or pay fees to a public school for support of character education programs, or extra curricular activities.

You may be able to make credit eligible contributions to a public school through payroll withholding. Check with your employer to see if your employer has agreed to withhold contributions that qualify for this credit from your pay.

A character education program is a program defined in Arizona Revised Statutes (A.R.S.) § 15-719. Under this statute, each district may develop its own course of study for each grade. At a minimum, the character education program must include instruction in the definition and application of at least six of the following character traits: truthfulness, responsibility, compassion, diligence, sincerity, trustworthiness, respect, attentiveness, obedience, orderliness, forgiveness, and virtue.

Extracurricular activities are school-sponsored activities that require enrolled students to pay a fee in order to participate. The activities must supplement the school's education program and may be educational or recreational. Each school district will determine what activities are extra curricular activities for each public school located in that district. Extracurricular activities may include the following.

- Use of band uniforms
- Use of equipment or uniforms for varsity athletics
- Use of scientific laboratory equipment or materials
- In-state or out-of-state trips that are solely for competitive events

Extra curricular activities do not include any senior trips or events that are recreational, amusement or tourist activities.

You must make cash contributions or pay fees to a public school or charter school located in Arizona. The school must provide instruction in grades kindergarten through 12.

Contributions made or fees paid to any of the following **do not** qualify for this credit.

- A nongovernmental school
- A pre-school
- A community college
- A university
- A public school located outside of Arizona

You cannot claim both a tax credit and an itemized deduction for the amount of contributions made to a public school for which you are claiming a credit.

Before claiming this credit, make sure the public school issues you a receipt for the contributions or qualifying fees you paid. The receipt should show **all** of the following.

- Name of the public school
- Name and number of the school district
- Name of the taxpayer
- Amount paid or contributed
- Date paid or contributed
- Description of the activity for which the contributions were made or the fees were paid

Please keep this receipt with your tax records. For more information on school tax credits, see the Arizona Department of Revenue brochure, Pub 707, *School Tax Credits*.

Line-by-Line Instructions

Enter your name and Social Security Number (SSN) as shown on Arizona Forms 140, 140PY, 140NR, or 140X.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for an individual is the taxpayer's SSN or an Internal Revenue Service (IRS) individual taxpayer identification number (ITIN). Taxpayers that fail to include their identification number may be subject to a penalty.

Part 1 - Current Year's Credit

Lines 1, 2 and 3

Enter the following information for each Arizona public school for which you made cash contributions or paid fees.

- Name of the public school
- Location of the public school (city and state)
- District name and number of the public school
- Amount of contributions or fees paid to the school

If you made qualifying cash contributions or paid qualifying fees to a second and third school, complete line(s) 2 and 3.

If you made qualifying cash contributions or paid qualifying fees to four or more schools, complete an additional schedule. The schedule should show the same information required on lines 1, 2 and 3 for each of the additional schools to which you made cash contributions or paid fees.

Line 4 -

Add the amount of qualifying cash contributions and fees paid to all schools listed on lines 1 through 3, and any additional schedule. Enter the total on line line 4.

Line 5 -

Single taxpayers and taxpayers filing as head of household enter $200. Married taxpayers enter $400.

Line 6 - Current Year's Credit

Enter the smaller of line 4 or line 5. If you are married filing a separate return, but you could have filed a joint return, you may take only 1/2 of the total credit that you and your spouse would have been allowed to take on a joint return, up to a maximum of $200. In this case, enter 1/2 of the smaller of line 4 or line 5.

Part 2 - Available Credit Carryover

Lines 7 through 12 -

Use lines 7 through 12 to figure your total available credit carryover from taxable years 2009 through 2013. Complete lines 7 through 12 if you claimed this credit on a return for one of these years and the allowable credit was more than your tax.

NOTE: *You may carry over only that portion of the credit that you do not apply to tax. You cannot carry over any amount that you paid that was more than the amount allowed as a credit.*

For example, *during 2014, John, a single person, paid $400 to School A for extra curricular activity fees for John's child. For 2014, John is allowed a credit of $200. John's 2014 tax is $100. John applied $100 credit to his tax liability and may carryover $100 of the unused $200 credit to 2015. John cannot claim any credit for the $200 fee he paid that was more than the allowable credit ($400 minus allowable credit of $200).*

- In column (b), enter the credit originally computed for that taxable year listed in column (a).
- In column (c), enter the amount of the credit from that taxable year which you have already used.
- In column (d), subtract the amount in column (c) from column (b) and enter the difference.
- Add the amounts entered on lines 7 through 11 in column (d).

Enter the total on line 12, column (d).

Part 3 - Total Available Credit

Lines 13 through 15 -

Use lines 13 through 15 to figure your total available credit for 2014.

Line 13 -

Enter the amount from Part I, line 6.

Line 14 -

Available credit carryover from prior taxable years. Enter the amount from Part 2, line 12, column (d).

Line 15 - Total Available Credit

Add line 13 and line 14. Enter the total.

Enter the amount from Form 322, Part 3, line 15 on Arizona Form 301, Part 1, line 13, column (c).

Arizona Form **323**

Credit for Contributions to Private School Tuition Organizations

2014

Include with your return.

- Do not use this form for contributions or fees paid to a public school.
- See Form 322 for contributions or fees paid to public schools.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y.

Your Name as shown on Form 140, 140NR, 140PY or 140X	Your Social Security Number
Spouse's Name as shown on Form 140, 140NR, 140PY or 140X (if joint return)	Spouse's Social Security Number

Part 1 Current Year's Credit – Qualifying Contributions

1 Name of private school tuition organization:

Address:

Amount of contributions made in 2014 to the private school tuition organization named on line 1 ..... **1a** 00

Amount of contributions made from January 1, 2015 to April 15, 2015 to the private school tuition organization named on line 1 for which you are claiming a credit on your 2014 return **1b** 00

Total amount of contributions made to the private school tuition organization named on line 1 ..... **1c** 00

2 Name of private school tuition organization:

Address:

Amount of contributions made in 2014 to the private school tuition organization named on line 2 ..... **2a** 00

Amount of contributions made from January 1, 2015 to April 15, 2015 to the private school tuition organization named on line 2 for which you are claiming a credit on your 2014 return **2b** 00

Total amount of contributions made to the private school tuition organization named on line 2 ..... **2c** 00

NOTE: If you made contributions to more than two school tuition organizations, include a separate schedule.

3 Total contributions made to school tuition organizations to be claimed as a credit in 2014: Add lines 1c, 2c, and any amounts from additional schedules **3** 00

4 Single taxpayers or heads of household, enter $528. Married taxpayers filing joint enter $1056 ..... **4** 00

5 Current year's credit: Enter the smaller of line 3 or line 4 on line 5. In most cases, if you are married filing a separate return, enter one–half of the smaller of line 3 or line 4. See instructions **5** 00

You **may** be able to claim an additional credit for contributions made to school tuition organizations. ***See Arizona Form 348*** for more information.

Part 2 Available Credit Carryover

	(a) Taxable Year from which you are carrying the credit	(b) Original Credit Amount	(c) Amount Previously Used	(d) Available Carryover: Subtract column (c) from column (b).
6	2009	00	00	00
7	2010	00	00	00
8	2011	00	00	00
9	2012	00	00	00
10	2013	00	00	00

11 TOTAL AVAILABLE CARRYOVER: Add lines 6 through 10, column (d) 00

Part 3 Total Available Credit

12 Current year's credit: Enter the amount from Part 1, line 5 ..... **12** 00
Enter this amount on Arizona Form 301, Part 1, line 14, column (a).

13 Available credit carryover from Part 2, line 11, column (d) **13** 00
Enter this amount on Arizona Form 301, Part 1, line 14 column (b).

14 Total Available Credit: Add lines 12 and 13. Enter the total here and on Arizona Form 301, Part 1, line 14, col. (c) . **14** 00

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2014Credit for Contributions to Private School Tuition Organizations

Arizona Form 323

Phone Numbers

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

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To view or print the department's publications and brochures, go to our website and click on *Publications*.

General Instructions

Note: *Beginning 2014, you* ***must*** *also complete Arizona Form 301,* Nonrefundable Individual Tax Credits and Recapture*, and include Forms 301 and 323 with your tax return to claim this credit.*

Arizona law provides a credit for contributions made to a private school tuition organization that provides scholarships or grants to qualified schools.

The credit is equal to the amount contributed. For 2014, the credit cannot exceed $528 for single taxpayers or heads of household. For married taxpayers that file a joint return, the credit cannot exceed $1,056. In most cases, for married taxpayers who file separate returns, each spouse may claim only one-half (1/2) of the credit that would have been allowed on a joint return.

The credit eligible contributions made to a school tuition organization from January 1, 2015, to April 15, 2015, may be used as a tax credit on either your 2014 or 2015 Arizona income tax return.

If the allowable tax credit is more than your tax or if you have no tax, you may carry the unused credit forward for up to the next 5 consecutive taxable years' income tax liability.

This credit is available only to individuals. Corporations may not claim this credit. A partnership may not pass the credit through to its partners. An S corporation may not pass the credit through to its shareholders.

A private school tuition organization is an organization that meets **all** of the following:

- The organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code (IRC).
- The organization allocates at least 90% of its annual revenue from contributions to educational scholarships or tuition grants.
- The organization makes its scholarships or grants available to students of more than one qualified school.

A "*qualified school*" means a preschool that offers services to students with disabilities, nongovernmental primary or a secondary school that is located in Arizona. The school cannot discriminate on the basis of race, color, handicap, familial status, or national origin and requires all teaching staff and personnel that have unsupervised contact with students to be fingerprinted. A "*qualified school*" does not include a charter school or programs operated by a charter school. The primary school must begin with kindergarten and the secondary school must end with grade 12.

In the case of a preschool that offers services to students with disabilities, a "*student with disabilities*" is a student who has any of the following conditions.

- Hearing impairment
- Visual impairment
- Developmental delay
- Preschool severe delay
- Speech and/or language impairment

NOTE: *The Arizona Department of Revenue is required to certify school tuition organizations. The department maintains a list of currently certified school tuition organizations on its website at* www.azdor.gov.

To qualify for the credit all contributions must be made to a certified school tuition organization. To determine if your contributions made in 2014 and/or 2015, qualify for this credit, you should verify that the school tuition organization you made a contribution to is certified. For a list of school tuition organizations certified to receive donations for the individual income tax credit, see the department's website.

Your donation to the school tuition organization will not qualify for the credit if you designate the donation for the direct benefit of your dependent.

NOTE*: Your donation will also not qualify if you designate a student beneficiary as a condition of your contribution to the school tuition organization. Also, the tax credit is not allowed if you agree with another person to designate each other's contributions to the school tuition organization for the direct benefit of each other's dependent, a practice commonly known as swapping.*

You cannot claim both a tax credit and an itemized deduction for the amount of contributions made to a private school tuition organization for which you are claiming a credit.

If you claim this credit in 2014 for a donation made from January 1, 2015, to April 15, 2015, you must make an adjustment on your Arizona Form 140, Schedule A; or Form 140PY, Schedule A(PY) or A(PYN); or Form 140NR, Schedule A(NR), filed in 2015.

Before claiming this credit, make sure the school tuition organization issues you a receipt for the contribution. The receipt should show **all** of the following.

- Name and address of the school tuition organization;
- Name of the taxpayer;
- Amount paid; and
- Date paid.

Please keep this receipt with your tax records. For more information on school tax credits, see the department's brochure, Pub 707, *School Tax Credits*.

NOTE: *You may be able to make credit eligible contributions to a school tuition organization through payroll withholding. Check with your employer to see if your employer has agreed to withhold contributions that qualify for this credit from your pay.*

Line-by-Line Instructions

Part 1 - Current Year's Credit

Line 1 -

Enter the name and address of the private school tuition organization to which you made contributions and for which you are claiming a current year's credit for on your return.

Line 1a -

Enter the amount of contribution(s) made from January 1, 2014 through December 31, 2014.

Line 1b -

Enter the amount of contribution(s) made from January 1, 2015 through April 15, 2015, for which you are claiming a credit on your 2014 tax return.

Line 1c -

Add lines 1a and 1b and enter the total.

Lines 2, 2a through 2c -

Complete these lines following the instructions for lines 1 and 1a through 1c.

If you made contributions to 3 or more school tuition organizations, complete an additional schedule. The schedule should show the same information required on lines 1 and 1a through 1c for each of the additional school tuition organizations to which you made contributions.

Line 3 -

Add lines 1c, 2c and any amounts from additional schedules.

Line 4 -

Single taxpayers and taxpayers filing as head of household, enter $528. Married taxpayers enter $1,056.

Line 5 - Current Year's Credit

Enter the smaller of line 3 or line 4. If you are married filing a separate return, but you could have filed a joint return, you may take only one-half of the total credit that you and your spouse would have been allowed to take on a joint return, up to a maximum of $528 each. In this case, enter one-half of the smaller of line 3 or line 4.

NOTE: *If you made contributions that total more than the allowable current year's credit on Form 323, you may claim a credit on Arizona Form 348 for some or all of the contributions that exceed the maximum allowable amount. For more information see Form 348.*

Part 2 - Available Credit Carryover

Lines 6 through 11 -

Use lines 6 through 11 to figure your total available credit carryover from taxable years 2009 through 2013. Complete lines 6 through 11 if you claimed this credit on a return for one of these years and the credit was more than your tax.

NOTE: *You may carry over only that portion of the credit that you do not apply to tax. You cannot carry over any amount that you gave that was more than the amount allowed as a credit. See the example on the last page of these instructions.*

- In column (b) enter the credit originally computed for that taxable year listed in column (a).
- In column (c) enter the amount of the credit from that taxable year which you have already used.
- Subtract the amount in column (c) from column (b) and enter the difference in column (d).
- Add the amounts entered on lines 6 through 10 in column (d).

Enter the total on line 11, column (d).

Part 3 - Total Available Credit

Line 12 -

Enter the amount from Part 1, line 5.

Line 13 -

Enter the amount from Part 2, line 11, column (d).

Line 14 -

Add line 12 and line 13. Enter the total.

Enter the amount from Form 323, Part 3, line 14 on Arizona Form 301, Part 1, line 14, column (c).

NOTE: *You may carry over only that portion of the credit that you do not apply to tax. You cannot carry over any amount that you gave that was more than the amount allowed as a credit.*

For example: During 2014, Mary, a single person, gave $1,400 to a school tuition organization. For 2014, Mary is allowed a maximum credit on Form 323 of $528. Mary's 2014 tax liability is $400. Mary may apply $400 of the $528 credit claimed on Form 323 against her 2014 tax liability. Mary may carryover the unused credit of $128 to her 2015 income tax return. Mary may not claim a credit on Form 323 for the $872 gift that was more than the allowable credit ($1,400 minus allowable credit of $528).

However, Mary may claim a credit on Arizona Form 348 for the contribution made to the school tuition organization that was more than the $528 allowable credit. The credit Mary may claim on Form 348 cannot exceed the maximum credit allowed on that form. To compute that credit, Mary must complete Form 348 in addition to Form 323. Mary must also complete Arizona Form 301.

For 2014, Mary would compute her available credit for Form 323 as follows.

2014 total contribution made to school tuition organizations		$1,400
Maximum allowable credit claimed on Form 323 for tax year 2014		$ 528
Mary's 2014 tax liability	$ 400	
Less: available tax credit - Form 323	$ 400	
Balance of tax	$ 0	
Carryover available for 2015 from Form 323 ($528 minus $400)	$ 128	
Contribution available to calculate the allowable credit on Form 348 ($1,400 minus $528). Mary must complete Arizona Form 348 to figure that credit.		$ 872

Arizona Form **325**

Agricultural Pollution Control Equipment Credit

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Name as shown on Form 140, 140PY, 140NR, 140X, 99T, 120, 120A, 120S, 120X or 165	Social Security or Employer Identification Number

Part 1 Schedule of Equipment and Current Taxable Year's Credit Calculation

If additional space is needed, include a separate schedule.

	(a) Date Property Placed in Service or Expected to be Placed in Service	(b) Description	(c) Total Cost of Property Used to Reduce Agricultural Pollution Incurred During the Taxable Year	
1	M M D D Y Y			00
2	M M D D Y Y			00
3	M M D D Y Y			00
4	M M D D Y Y			00
5	M M D D Y Y			00
6	M M D D Y Y			00
7	M M D D Y Y			00
8	M M D D Y Y			00
9	M M D D Y Y			00
10	M M D D Y Y			00

11	Total: Add lines 1 through 10 in column (c)	11		00
12	Total from continuation schedule, if applicable	12		00
13	Total cost of pollution control equipment incurred during the taxable year: Add lines 11 and 12	13		00
14	Tentative credit for current taxable year: Multiply line 13 by 25% (.25)	14		00
15	Maximum credit allowed	15	25,000	00
16	Credit for current taxable year: Enter the lesser of line 14 or line 15	16		00

In order to calculate Arizona depreciation or amortization, a taxpayer who elects to claim a credit under A.R.S. §§ 43-1081.01 or 43-1170.01 shall reduce the basis of the agricultural pollution control equipment by the amount of the credit claimed.

Part 2 S Corporation Credit Election and Shareholder's Share of Credit

17 The S corporation has made an irrevocable election for the taxable year ending M M D D Y Y Y Y to **(check only one box)**:

☐ Claim the agricultural pollution control equipment credit as shown on Part 1, line 16 (for the taxable year mentioned above); **OR**

☐ Pass the agricultural pollution control equipment credit as shown on Part 1, line 16 (for the taxable year mentioned above) through to its shareholders.

Signature _____ Title _____ Date _____

If passing the credit through to the shareholders, complete lines 18 through 20 separately for each shareholder. Furnish each shareholder with a copy of pages 1 and 2 of Form 325.

18 Name of shareholder: _____

19 Shareholder's TIN: _____

20 Shareholder's share of the amount on Part 1, line 16 ..... **20** _____ 00

Continued on page 2 ➔

Name (as shown on page 1)	TIN

Part 3 Partner's Share of Credit

Complete lines 21 through 23 separately for each partner. Furnish each partner with a copy of pages 1 and 2 of Form 325.

21 Name of partner: _____

22 Partner's TIN: _____

23 Partner's share of the amount on Part 1, line 16 ..... **23** _____ 00

Part 4 Available Credit Carryover

	(a) Taxable Year	(b) Original Credit Amount	(c) Amount Previously Used or Expired	(d) Available Carryover: Subtract column (c) from column (b).
24		00	00	00
25		00	00	00
26		00	00	00
27		00	00	00
28		00	00	00

29 TOTAL AVAILABLE CARRYOVER: Add lines 24 through 28 in column (d) ..... **29** _____ 00

Part 5 Total Available Credit

30 Current year's credit:
- Individuals, corporations, exempt organizations with UBTI, or S corporations: Enter the amount from Part 1, line 16.
- S corporation shareholders: Enter the amount from Part 2, line 20.
- Partners of a partnership: Enter the amount from Part 3, line 23 ..... **30** _____ 00

Individuals: Also enter this amount on Form 301, line 15, column (a).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Form 300, line 9, column (a).

31 Available credit carryover from Part 4, line 29, column (d) ..... **31** _____ 00
Individuals: Also enter this amount on Form 301, line 15, column (b).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Form 300, line 9, column (b).

32 **Total available credit:** Add line 30 and line 31 ..... **32** _____ 00
Individuals: Also enter this amount on Form 301, Part 1, line 15, column (c).
Corporations, exempt organizations with UBTI, and S corporations:
Also enter this amount on Form 300, Part 1, line 9, column (c).

2014 Agricultural Pollution Control Equipment Credit

Arizona Form 325

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

Phoenix	(602) 255-3381
From area codes 520 and 928, toll-free	(800) 352-4090

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

General Instructions

Arizona Revised Statutes (A.R.S.) §§ 43-1081.01 and 43-1170.01 provide nonrefundable individual and corporate income tax credits for expenses that a taxpayer incurred during the taxable year to purchase agricultural pollution control equipment.

To Qualify for the Credit:

- The taxpayer must be involved in the commercial production of livestock, livestock products or agricultural, horticultural, viticultural or floricultural crops or products; AND

  The taxpayer must purchase tangible personal property that is primarily used in the taxpayer's trade or business in Arizona to control or prevent pollution.
- Property eligible for the tax credit includes only that portion of the property directly used, constructed, or installed in Arizona to prevent, monitor, or reduce air, water, or land pollution.
- Qualifying property includes a portion of a structure, building, installation, excavation, machine, equipment, or device, and any attachment to, or addition to, or reconstruction, replacement, or improvement of that property.

Amounts that qualify for the credit must be includible in the taxpayer's adjusted basis for the property. The adjusted basis of any property for which the taxpayer has claimed a credit must be reduced by the amount of credit claimed for that property.

The amount of the credit is equal to 25% of the cost of the property. The maximum credit that a taxpayer may claim in a taxable year is $25,000.

The agricultural pollution control equipment credit allowed under A.R.S. §§ 43-1081.01 or 43-1170.01 (claimed on Arizona Form 325) is in lieu of the pollution control credit under A.R.S. §§ 43-1081 or 43-1170 (claimed on Arizona Form 315) with respect to the same equipment or expense.

Co-owners of a business, including partners in a partnership and shareholders of an S corporation, may each claim only the pro rata share of the credit allowed based on the ownership interest. The total of the credits allowed all such owners may not exceed the amount that would have been allowed for a sole owner of the business.

The credit is available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate UBTI.

If the allowable tax credit exceeds the taxes otherwise due or, if there are no taxes due, the amount of the credit not used to offset taxes may be carried forward for not more than five taxable years as a credit against subsequent years' income tax liabilities.

Specific Instructions

Complete the name and taxpayer identification number section at the top of the form. Indicate the period covered by the taxable year. Include the completed form with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, an exempt organization with UBTI, an S corporation, or a partnership is the taxpayer's employer identification number. The TIN for an individual is the taxpayer's social security number or an Internal Revenue Service individual taxpayer identification number. Taxpayers that fail to include their TIN may be subject to a penalty.

Part 1 - Schedule of Equipment and Current Taxable Year's Credit Calculation

Lines 1 through 10 -

Column (a): Enter the date that the property was placed in service or the date it is expected to be placed in service in Arizona.

Column (b): Enter a brief description of the property used in the taxpayer's business in Arizona to control or prevent pollution.

Column (c): Enter the cost of that portion of the property directly used to reduce pollution incurred during this taxable year.

If there are more than 10 items of qualifying property, complete additional schedules. Include the completed schedules with Form 325.

Line 11 -

Add lines 1 through 10 in column (c) and enter the total.

Line 12 -

Enter the aggregate column (c) totals from additional schedules.

Line 13 -

Add lines 11 and 12 and enter the total. This is the total cost incurred during this taxable year of all items of property for which the taxpayer is claiming the credit.

Line 14 -

Multiply line 13 by 25% (.25) and enter the result.

Line 16 -

Enter the lesser of line 14 or line 15. This is the allowable credit for the current taxable year.

Part 2 - S Corporation Credit Election and Shareholder's Share of Credit

Line 17 - S Corporation Credit Election

S corporations must complete line 17. The S corporation must make an irrevocable election to either claim the credit or pass the credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to Arizona Form 120S.

Lines 18 through 20 -

If the S corporation elects to pass the credit through to its shareholders, it must also complete lines 18 through 20.

The S corporation must complete Part 1. Then, complete Part 2, lines 18 through 20, separately for each shareholder.

If the S corporation passes the credit through to its shareholders, it must notify each shareholder of the shareholder's pro rata share of the adjustment to income required by the difference between the federal depreciable basis and the Arizona depreciable basis of the property for which the credit is claimed. The S corporation must also notify the shareholder of the shareholder's pro rata share of any difference in gain or loss on the sale or other disposition of the property due to the difference in basis.

Each S corporation shareholder is entitled to only a pro rata share of pass-through credit based on ownership interest in the S corporation. The total of the credit allowed to all shareholders may not exceed the amount that would have been allowed for a sole owner.

The S corporation must furnish each shareholder with a copy of pages 1 and 2 of Form 325. Each shareholder must complete Part 4 and Part 5.

Part 3 - Partner's Share of Credit

Lines 21 through 23 -

Partnerships must complete Part 1. Then, complete Part 3, lines 21 through 23, separately for each partner.

Each partner is entitled to only a pro rata share of the credit based on the partner's ownership interest in the partnership. The total of the credit allowed to all partners may not exceed the amount that would have been allowed for a sole owner.

The partnership must furnish each partner with a copy of pages 1 and 2 of Form 325. Each partner must complete Part 4 and Part 5.

Part 4 - Available Credit Carryover

Complete Part 4 only if the allowable agricultural pollution control equipment credit for prior taxable years exceeded the Arizona income tax liability for those taxable years. Calculate the total available carryover of the agricultural pollution control equipment credit on page 2, Part 4, lines 24 through 29.

Enter the taxable years from which the credit is carried over in column (a) on lines 24 through 28. In column (b), enter the credit originally computed for that taxable year. In column (c), enter the amount of the credit from that taxable year which has already been used. Subtract the amount in column (c) from the amount in column (b) and enter the difference in column (d). Add the amounts entered on lines 24 through 28 in column (d). Enter the total on line 29, column (d).

Part 5 - Total Available Credit

Line 30 -

Enter the current year's agricultural pollution control equipment credit.

Individuals, exempt organizations with UBTI, and corporations (including S corporations that elected to claim the credit) - enter the current year's credit from Part 1, line 16.

S corporation shareholders - enter the credit from Part 2, line 20.

Partners of a partnership - enter the credit from Part 3, line 23.

Line 31 -

Enter the amount from Part 4, line 29, column (d). This is the total available credit carryover.

Line 32 -

Add line 30 and line 31. This is the total available agricultural pollution control equipment credit that may be applied to the current taxable year's tax liability.

Corporations, exempt organizations with UBTI, and S corporations - enter the total here and on Form 300, Part 1, line 9, column (c).

Individuals - enter the total here and Form 301, Part 1, line 15, column (c).

Arizona Form **331**

Credit for Donation of School Site

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Name as shown on Form 140, 140PY, 140NR, 140X, 99T, 120, 120A, 120S, 120X or 165	Social Security or Employer Identification Number

The donated real property and improvements must be located in Arizona. The credit is in lieu of a deduction for the donation of the property for which the credit is claimed. See instructions.

Part 1 Donated Property Information and Current Taxable Year's Credit Calculation

		PROPERTY 1	PROPERTY 2	PROPERTY 3
1 Arizona county in which the property is located	1			
2 Parcel number of property	2			
3 Date of property conveyance	3			
4 Recording number of property conveyance	4			
5 Value of property based on appraisal	5	00	00	00
6 Multiply the amounts on line 5 in each column by 30 percent (.30)	6	00	00	00
7 Add the amounts on line 6 in each column and enter the total	7			00
8 Total from continuation sheets, if applicable	8			00
9 Current taxable year's credit: Add lines 7 and 8	9			00

Part 2 S Corporation Credit Election and Shareholder's Share of Credit

10 The S corporation has made an irrevocable election for the taxable year ending M M D D Y Y Y Y to **(check only one box)**:

☐ Claim the credit for donation of school site as shown on Part 1, line 9 (for the taxable year mentioned above);

OR

☐ Pass the credit for donation of school site as shown on Part 1, line 9 (for the taxable year mentioned above) through to its shareholders.

Signature _____ Title _____ Date _____

If passing the credit through to the shareholders, complete lines 11 through 14 separately for each shareholder. Furnish each shareholder with a copy of pages 1 and 2 of Form 331.

11 Name of shareholder: _____

12 Shareholder's TIN: _____

13 Shareholder's share of the amount on Part 1, line 9	13	00
14 Individual shareholder's share of donation on Part 1, line 5, to be excluded from the itemized deductions	14	00

Individual shareholders of an S corporation: The credit for donation of school site is in lieu of any deduction pursuant to §170 of the Internal Revenue Code. If you are claiming this credit in Part 2, line 13 and you itemize deductions on your Arizona return, you must exclude the amount of the charitable deduction otherwise allowed for the donation of the school site by adding back the amount in Part 2, line 14 on your Arizona Schedule A, line 13.

Continued on page 2 ➔

Name (as shown on page 1)	TIN

Part 3 Partner's Share of Credit

Complete lines 15 through 17 separately for each partner. Furnish each partner with a copy of pages 1 and 2 of Form 331.

15 Name of partner: _____

16 Partner's TIN: _____

17 Partner's share of the amount on Part 1, line 9 ..... **17** _____ 00

Part 4 Available Credit Carryover

	(a) Taxable Year	(b) Original Credit Amount	(c) Amount Previously Used or Expired	(d) Available Carryover: Subtract column (c) from column (b).
18		00	00	00
19		00	00	00
20		00	00	00
21		00	00	00
22		00	00	00

23 TOTAL AVAILABLE CARRYOVER: Add lines 18 through 22 in column (d) ..... **23** _____ 00

Part 5 Total Available Credit

24 Current year's credit:

- Individuals, corporations, exempt organizations with UBTI, or S corporations: Enter the amount from Part 1, line 9.
- S corporation shareholders: Enter the amount from Part 2, line 13.
- Partners of a partnership: Enter the amount from Part 3, line 17 ..... **24** _____ 00

Individuals: Also enter this amount on Form 301, line 16, column (a).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Form 300, line 10, column (a).

25 Available credit carryover from Part 4, line 23, column (d) ..... **25** _____ 00

Individuals: Also enter this amount on Form 301, line 16, column (b).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Form 300, line 10, column (b).

26 **Total available credit:** Add lines 24 and 25 ..... **26** _____ 00

Individuals: Also enter this amount on Form 301, Part 1, line 16, column (c).
Corporations, exempt organizations with UBTI, and S corporations:
Also enter this amount on Form 300, Part 1, line 10, column (c).

2014 Credit for Donation of School Site

Arizona Form 331

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

Phoenix	(602) 255-3381
From area codes 520 and 928, toll-free	(800) 352-4090

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

General Instructions

Arizona Revised Statutes (A.R.S.) §§ 43-1089.02 and 43-1181 provide nonrefundable individual and corporate income tax credits for the donation of real property and improvements to an Arizona school district or Arizona charter school for use as a school or as a site for the construction of a school.

To qualify for the credit:

- The real property and improvements must be located in Arizona.
- The donor must convey the real property and improvements unencumbered and in fee simple, except that there must be a deed restriction and protective covenant related to the use of the property.
- The value of the donated property must be determined by an appraisal as defined in A.R.S. § 32-3601 that is conducted by an independent party and is paid for by the donee.
- The conveyance shall not violate the provisions of A.R.S. §§ 15-341(D) or 15-183(U).
- The donor must record the appropriate lien on the property donated to an Arizona charter school. The tax credit constitutes a lien on the property. The lien is the amount of the allowable tax credit adjusted by the gross domestic product (GDP) price deflator, as defined in A.R.S. § 41-563, with a maximum of 12.5% over the allowable tax credit.
- An Arizona school district shall not accept the donation unless the school facilities board has reviewed the proposed donation and has issued a written determination that the real property and improvements are suitable as a school site or as a school.

On written request of the donee, the donor must disclose in writing to the donee the amount of the allowable tax credit for the property received by the donee.

The tax credit is in lieu of a deduction in the computation of Arizona gross income for the donation of the property for which the credit is claimed. CORPORATE TAXPAYERS: An addition to Arizona gross income is required for the amount of the deduction included in the computation of federal taxable income. INDIVIDUAL TAXPAYERS: The taxpayer cannot claim both the tax credit and an itemized deduction for the donation of a school site. If the taxpayer claims the credit and itemizes deductions on the Arizona return, the taxpayer must exclude the amount of the charitable deduction otherwise allowed for the donation of the school site.

For example, a taxpayer that donates a $2,000,000 property would receive a credit of $600,000 ($2,000,000 x 30%). If the taxpayer is a corporation, the addition to Arizona gross income would be $2,000,000. If the taxpayer is an individual that itemizes deductions, then the charitable contribution deduction must exclude the $2,000,000 donation.

Co-owners of a business, including partners in a partnership and shareholders of an S corporation, may each claim only the pro rata share of the credit allowed based on the ownership interest. The total of the credits allowed all such owners may not exceed the amount that would have been allowed for a sole owner of the business.

The credit is available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate UBTI.

If the allowable tax credit exceeds the taxes otherwise due or, if there are no taxes due, the amount of the credit not used to offset taxes may be carried forward for not more than five taxable years as a credit against subsequent years' income tax liabilities.

This form is for donations of real property only (real estate). Please do not use this form for cash donations to schools. Credits for those donations should be claimed on Arizona Form 322. Please do not use this form for cash donations to school tuition organizations. Credits for those donations should be claimed on Arizona Form 323 or Arizona Form 348 for individuals, or claimed on Arizona Form 335 or Arizona Form 341 for corporations, as appropriate.

Specific Instructions

Complete the name and taxpayer identification number section at the top of the form. Indicate the period covered by the taxable year. Include the completed form with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, an exempt organization with UBTI, an S corporation, or a partnership is the taxpayer's employer identification number. The TIN for an individual is the taxpayer's social security number or an Internal Revenue Service individual taxpayer identification number. Taxpayers that fail to include their TIN may be subject to a penalty.

Part 1 - Donated Property Information and Current Taxable Year's Credit Calculation

If more than three parcels were donated, complete the information requested for lines 1 through 6 on continuation sheets.

Line 1 -

Enter the name of the Arizona county in which the donated property is located.

Line 2 -

Enter the parcel number of the donated property.

Line 3 -

Enter the date on which the property conveyance was recorded.

Line 4 -

Enter the recording number of the property conveyance.

Line 5 -

Enter the value of the donated property based on appraisal.

Line 6 -

Multiply the amounts on line 5 in each column by 30% (.30).

Line 7 -

Add the amounts on line 6 in each column. Enter the total.

Line 8 -

Enter the aggregate line 7 totals from the continuation sheets, if more than three parcels were donated.

Line 9 -

Add line 7 and line 8. Enter the total. This is the current taxable year's credit.

Part 2 - S Corporation Credit Election and Shareholder's Share of Credit

Line 10 - S Corporation Credit Election

S corporations must complete line 10. The S corporation must make an irrevocable election to either claim the credit or pass the credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to Arizona Form 120S.

Lines 11 through 14 -

If the S corporation elects to pass the credit through to its shareholders, it must also complete lines 11 through 14.

The S corporation must complete Part 1. Then, complete Part 2, lines 11 through 14, separately for each shareholder.

Each S corporation shareholder is entitled to only a pro rata share of pass-through credit based on ownership interest in the S corporation. The total of the credit allowed to all shareholders may not exceed the amount that would have been allowed for a sole owner.

The S corporation must furnish each shareholder with a copy of pages 1 and 2 of Form 331. Each shareholder must complete Part 4 and Part 5.

NOTE to individual shareholders of an S corporation: The credit for donation of school site is in lieu of any deduction pursuant to §170 of the Internal Revenue Code. If you are claiming the credit in Part 2, line 13, you must exclude the amount of the charitable deduction otherwise allowed for the donation of the school site, which is the amount in Part 2, line 14. See the example on page 1 of these instructions.

Part 3 - Partner's Share of Credit

Lines 15 through 17 -

The partnership must complete Part 1. Then, complete Part 3, lines 15 through 17, separately for each partner.

Each partner is entitled to only a pro rata share of the credit based on the partner's ownership interest in the partnership. The total of the credit allowed to all partners may not exceed the amount that would have been allowed for a sole owner.

The partnership must furnish each partner with a copy of pages 1 and 2 of Form 331. Each partner must complete Part 4 and Part 5.

Part 4 - Available Credit Carryover

Lines 18 through 23 -

Complete Part 4 only if the allowable credit for donation of school site for prior taxable years exceeded the Arizona income tax liability for those taxable years. Calculate the total available carryover of the credit for donation of school site on page 2, Part 4, lines 18 through 23.

Partners of a partnership or shareholders of an S corporation should complete Part 4 only if their allowable credit for donation of school site for prior taxable years exceeded their Arizona income tax liability for those taxable years.

Enter the applicable taxable year(s) in column (a) on lines 18 through 22. In column (b), enter the credit originally computed for that taxable year. In column (c), enter the amount of the credit from that taxable year which has already been used. Subtract the amount in column (c) from column (b) and enter the difference in column (d). Add the amounts entered on lines 18 through 22 in column (d). Enter the total on line 23, column (d). This is the total credit carryover available for the current taxable year.

Part 5 - Total Available Credit

Line 24 -

Individuals, exempt organizations with UBTI, and corporations (including S corporations that elected to claim the credit) - enter the current year's credit from Part 1, line 9.

S corporation shareholders - enter the credit from Part 2, line 13.

Partners of a partnership - enter the credit from Part 3, line 17.

This is the current taxable year's credit for donation of school site.

Line 25 -

Enter the amount from Part 4, line 23, column (d). This is the total available credit carryover.

Line 26 -

Add line 24 and line 25. This is the total available credit for donation of school site that may be applied to the current taxable year's tax liability.

Corporations, exempt organizations with UBTI, and S corporations - enter the total here and on Form 300, Part 1, line 10, column (c).

Individuals - enter the total here and on Form 301, Part 1 line 16, column (c).

Arizona Form **332**

Credits for Healthy Forest Enterprises

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y.

All businesses must be certified by the Arizona Commerce Authority and submit a copy of the certification to the Department of Revenue for approval before using the certification for the purpose of any tax incentive.

Name as shown on Form 140, 140PY, 140NR, 140X, 99T, 120, 120A, 120S, 120X or 165	Social Security or Employer Identification Number

Part 1 Business Information

1 Name of Healthy Forest Enterprise: _____

2 Employer identification number: _____

3 Is this taxable year being filed under a 60-month certification? ☐ Yes ☐ No

4 Check one box to indicate the year this form represents for claiming the employment credit under A.R.S. §§ 43-1076 or 43-1162:

☐ First Year ☐ Second Year ☐ Third Year ☐ Fourth Year ☐ Fifth Year ☐ Sixth Year or more

5 Check one box to indicate the year this form represents for claiming the training credit under A.R.S. §§ 43-1076.01 or 43-1162.01:

☐ First Year ☐ Second Year ☐ Third Year ☐ Fourth Year ☐ Fifth Year ☐ Sixth Year or more

Part 2 Average Number of Full-Time Employees

6	Average number of full-time employees in the healthy forest enterprise during the current taxable year	6	
7	Average number of full-time employees in the healthy forest enterprise during the immediately preceding taxable year	7	
8	Net increase in average number of full-time employees: Subtract line 7 from line 6	8	

Part 3 Net Increase in Qualified Employment Positions

9	Total number of filled, qualified employment positions created in the current year	9	
	If this taxable year is being filed under a twelve month certification, the business must create at least THREE new qualified employment positions in the first taxable year in which the credit is claimed.		
10	Net increase in average number of full-time employees: Enter the number from Part 2, line 8	10	
11	Net increase in qualified employment positions for this healthy forest enterprise: Enter the lesser of line 9 or line 10	11	

Part 4 Limitation on Number of Qualified Employment Positions

12	Maximum number of filled, qualified employment positions on which a credit may be calculated	12	200
13	Maximum number of new qualified employment positions on which you may claim the credit: Enter the lesser of line 11 or line 12	13	

Part 5 Employment Credit Calculation

		(a) Number of Qualifying Employees	(b) Qualifying Wages		(c) Percentage	(d) Allowable Credit	
14	Qualified new employees			00	25%		00
15	Previously qualified employees in the second year of continuous employment			00	33.33%		00
16	Previously qualified employees in the third year of continuous employment			00	50%		00
17	TOTAL						00

Continued on page 2 ➔

Name (as shown on page 1):	TIN:

Part 6 Training Credit Calculation

			(a) Number of Qualifying Employees	(b) Net Training and Certifying Costs	
18	Qualified new employees	18			00
19	Previously qualified employees in the second year of continuous employment	19			00
20	Previously qualified employees in the third year of continuous employment	20			00
21	TOTAL	21			00

Part 7 Recapture of the Employment Credit

22	Taxable year in which the certification of the business as a healthy forest enterprise was revoked or terminated	22		
23	First taxable year in which the employment credit for healthy forest enterprises was allowed	23		
24	Number of years between when the employment credit was first allowed and when the certification was revoked or terminated	24		
25	Enter percentage based on the number of years entered on line 24: See instructions	25		%
26	Full amount of all employment credits previously allowed	26		00
27	Recapture of employment credit for healthy forest enterprises: Multiply line 26 by the percentage on line 25	27		00

Part 8 Recapture of the Training Credit

28	Taxable year in which the certification of the business as a healthy forest enterprise was revoked or terminated	28		
29	First taxable year in which the training credit for healthy forest enterprises was allowed	29		
30	Number of years between when the training credit was first allowed and when the certification was revoked or terminated	30		
31	Enter percentage based on the number of years entered on line 30: See instructions	31		%
32	Full amount of all training credits previously allowed	32		00
33	Total recapture of training credit for healthy forest enterprises: Multiply line 32 by the percentage on line 31	33		00

Part 9 S Corporation Credit Elections and Shareholder's Share of Credits and Credit Recaptures

34 The S corporation has made an irrevocable election for the taxable year ending M M D D Y Y Y Y to **(check only one box)**:

☐ Claim the employment credit for healthy forest enterprises, as shown on Part 5, line 17, column (d) (for the taxable year mentioned above); OR

☐ Pass the employment credit for healthy forest enterprises, as shown on Part 5, line 17, column (d) (for the taxable year mentioned above) through to its shareholders.

Signature _____ Title _____ Date _____

35 The S corporation has made an irrevocable election for the taxable year ending M M D D Y Y Y Y to **(check only one box)**:

☐ Claim the training credit for healthy forest enterprises, as shown on Part 6, line 21, column (b) (for the taxable year mentioned above); OR

☐ Pass the training credit for healthy forest enterprises, as shown on Part 6, line 21, column (b) (for the taxable year mentioned above) through to its shareholders.

Signature _____ Title _____ Date _____

- If passing the EMPLOYMENT credit through to the shareholders, complete lines 36 through 38 separately for each shareholder. If passing the TRAINING credit through to the shareholders, complete lines 36, 37 and 39 separately for each shareholder.
- If passing the EMPLOYMENT CREDIT RECAPTURE through to the shareholders, complete line 40 separately for each shareholder. If passing the TRAINING CREDIT RECAPTURE through to the shareholders, complete line 41 separately for each shareholder.
- Furnish each shareholder with a copy of pages 1 through 5 of Form 332.

36 Name of shareholder: _____

37 Shareholder's TIN: _____

38	Shareholder's share of the amount of EMPLOYMENT credit on Part 5, line 17, column (d)	38		00
39	Shareholder's share of the amount of TRAINING credit on Part 6, line 21, column (b)	39		00
40	Shareholder's share of the EMPLOYMENT credit recapture from Part 7, line 27	40		00
41	Shareholder's share of the TRAINING credit recapture from Part 8, line 33	41		00

Name (as shown on page 1):	TIN:

Part 10 Partner's Share of Credits and Credit Recaptures

Complete lines 42 through 45, as applicable, separately for each partner. If passing credit recapture through to the partners, complete line 46 and/or line 47, as applicable, separately for each partner. Furnish each partner with a copy of pages 1 through 5 of Form 332.

42	Name of partner:		
43	Partner's TIN:		
44	Partner's share of the amount of EMPLOYMENT credit on Part 5, line 17, column (d)	44	00
45	Partner's share of the amount of TRAINING credit on Part 6, line 21, column (b)	45	00
46	Partner's share of the EMPLOYMENT CREDIT RECAPTURE from Part 7, line 27	46	00
47	Partner's share of the TRAINING CREDIT RECAPTURE from Part 8, line 33	47	00

Part 11 Recapture Summary for Employment Credit

48	Enter the taxable year(s) in which you took an employment credit or credit carryover for the disqualified healthy forest enterprise:		
49	Enter the total amount of employment credit originally allowable for the disqualified healthy forest enterprise	49	00
50	Enter the total amount of the employment credit to be recaptured. • Individuals, corporations, exempt organizations with UBTI, and S corporations: Enter the amount from Part 7, line 27. • S corporation shareholders: Enter the amount from Part 9, line 40. • Partners of a partnership: Enter the amount from Part 10, line 46.	50	00
51	Subtract line 50 from line 49 and enter the difference. This is the amount of employment credit allowable for the disqualified healthy forest enterprise	51	00
52	Amount of employment credit on line 49 that you have claimed on prior years' returns	52	00
53	Subtract line 52 from line 51 and enter the difference	53	00

- If the difference is a POSITIVE number, that is the amount of employment credit carryover remaining that you may use in future taxable years. Enter this positive number in Part 13, column (d), on the line for the year in which the disqualified employment credit arose.
- If the difference is a NEGATIVE number, that is the amount of credit you must recapture. If a negative number, enter "zero" in Part 13, column (d), on the line for the year in which the disqualified employment credit arose.
  - Corporations, exempt organizations with UBTI, and S corporations, also enter this amount as a POSITIVE number on Form 300, Part 2, line 27.
  - Individuals, also enter this amount as a POSITIVE number on Form 301, Part 2, line 34.

Part 12 Recapture Summary for Training Credit

54	Enter the taxable year(s) in which you took an training credit or credit carryover for the disqualified healthy forest enterprise:		
55	Enter the total amount of training credit originally allowable for the disqualified healthy forest enterprise	55	00
56	Enter the total amount of the training credit to be recaptured: • Individuals, corporations, exempt organizations with UBTI, and S corporations: Enter the amount from Part 8, line 33. • S corporation shareholders: Enter the amount from Part 9, line 41. • Partners of a partnership: Enter the amount from Part 10, line 47.	56	00
57	Subtract line 56 from line 55 and enter the difference. This is the amount of training credit allowable for the disqualified healthy forest enterprise	57	00
58	Amount of credit on line 55 that you have claimed on prior years' returns	58	00
59	Subtract line 58 from line 57 and enter the difference	59	00

- If the difference is a POSITIVE number, that is the amount of training credit carryover remaining that you may use in future taxable years. Enter this positive number in Part 14, column (d), on the line for the year in which the disqualified training credit arose.
- If the difference is a NEGATIVE number, that is the amount of credit you must recapture. If a negative number, enter "zero" in Part 14, column (d), on the line for the year in which the disqualified training credit arose.
  - Corporations, exempt organizations with UBTI, and S corporations, also enter this amount as a POSITIVE number on Form 300, Part 2, line 27.
  - Individuals, also enter this amount as a POSITIVE number on Form 301, Part 2, line 34.

Continued on page 4 ➔

Name (as shown on page 1):	TIN:

Part 13 Available Employment Credit Carryover

	(a) Taxable Year	(b) Original Credit Amount	(c) Amount Previously Used	(d) Available Credit Carryover: Subtract column (c) from column (b).
60		00	00	00
61		00	00	00
62		00	00	00
63		00	00	00
64		00	00	00
65	TOTAL AVAILABLE CARRYOVER: Add lines 60 through 64 in column (d)		65	00

Part 14 Available Training Credit Carryover

	(a) Taxable Year	(b) Original Credit Amount	(c) Amount Previously Used	(d) Available Credit Carryover: Subtract column (c) from column (b).
66		00	00	00
67		00	00	00
68		00	00	00
69		00	00	00
70		00	00	00
71	TOTAL AVAILABLE CARRYOVER: Add lines 66 through 70 in column (d)		71	00

Part 15 Total Available Credit

72 Current year's employment credit:
- Individuals, corporations, exempt organizations with UBTI, and S corporations: Enter the amount from Part 5, line 17, column (d).
- S corporation shareholders: Enter the amount from Part 9, line 38.
- Partners of a partnership: Enter the amount from Part 10, line 44..... **72** 00

73 Current year's training credit:
- Individuals, corporations, exempt organizations with UBTI, and S corporations: Enter the amount from Part 6, line 21, column (b).
- S corporation shareholders: Enter the amount from Part 9, line 39.
- Partners of a partnership: Enter the amount from Part 10, line 45..... **73** 00

Individuals: Also enter the sum of lines 72 and 73 (total current year credit) on Form 301, line 17, column (a).
Corporations, S corporations, and exempt organizations with UBTI: Also enter the sum of lines 72 and 73 (total current year credit) on Form 300, line 11, column (a).

74 Available employment credit carryover from Part 13, line 65, column (d) **74** 00

75 Available training credit carryover from Part 14, line 71, column (d) **75** 00

Individuals: Also enter the sum of lines 74 and 75 (total carryover) on Form 301, line 17, column (b).
Corporations, S corporations, and exempt organizations with UBTI: Also enter the sum of lines 74 and 75 (total carryover) on Form 300, line 11, column (b).

76 **Total available credit:** Add lines 72 through 75 ..... **76** 00

Individuals: Also enter this amount on Form 301, Part 1, line 17, column (c).
Corporations, exempt organizations with UBTI, and S corporations:
Also enter this amount on Form 300, Part 1, line 11, column (c).

Name (as shown on Form 332)	TIN

Page ____ of ____

Form 332-1 Qualified Employees of Healthy Forest Enterprise 2014

Complete a Form 332-1 for each qualified employee of the Healthy Forest Enterprise. See instructions for Form 332-1 (included with Instructions for Form 332) about providing the requested information in an alternative format.

1 Employee name: _____

2 Employee's taxpayer identification number (TIN) ..... _____

3 Did employee reside in Arizona on date of hire? ..... ☐ Yes ☐ No

4 Brief description of employee's job duties:

_____

_____

5 Current date of employment ..... M M D D Y Y Y Y

6 If employee was previously employed by the business, list the previous date of employment. (See instructions.) ..... M M D D Y Y Y Y

7a Is the employee in a permanent full time position?..... ☐ Yes ☐ No

7b If the answer to line 7a is "Yes", list the number of hours the employee actually worked during the taxable year..... _____

7c If the answer to line 7b is less than 1550 hours annually, explain:

_____

_____

8	Employee's annual compensation for the taxable year	$	00
9a	Total cost of health insurance provided by employer for employee. (See instructions.)	$	00
9b	Total cost of health insurance for employee paid by employer. (See instructions.)	$	00

10 Is this employee in a new qualified employment position? ..... ☐ Yes ☐ No

11 Check only one box: ☐ First year employee ☐ Second year employee ☐ Third year employee

Name (as shown on Form 332): _____ TIN: _____ Page ____ of ____

Form 332-2 Qualified Employees for Which You are Taking the Employment Credit 2014

	(a) Employee's Name	(b) Social Security Number	(c) Type of Employee — Check the appropriate box. This employee is a: (c1) 1st Year Employee	(c2) 2nd Year Employee	(c3) 3rd Year Employee	(d) Total Wages Paid to the Employee During the Current Tax Year		(e) Maximum Allowable Wages: Enter the lesser of column (d) or the maximum allowed below. (e1) Year 1 $2000	(e2) Year 2 $3000	(e3) Year 3 $3000
1							00			
2							00			
3							00			
4							00			
5							00			
6							00			
7							00			
8							00			
9							00			
10							00			
11							00			
12							00			
13							00			
14							00			
15	TOTAL: • For column (c), add the number of employees in each column (c1), (c2) and (c3), and enter the total for each column on line 15. • For columns (d) and (e), add the amounts in each column and enter the total for each column on line 15 15						00			

If you have more than 14 qualified employees, complete and include additional sheets of Form 332-2.

Name (as shown on Form 332): _____ TIN: _____ Page ____ of ____

Form 332-3 Qualified Employees for Which You are Taking the Training Credit 2014

	(a) Employee's Name	(b) Social Security Number	(c) Type of Employee Check the appropriate box. This employee is a:			(d) Net Cost of Training and Certifying the Employee during the Current Tax Year		(e) Maximum Allowable Wages: Enter the lesser of column (d) or the maximum allowed below.		
			(c1) 1st Year Employee	(c2) 2nd Year Employee	(c3) 3rd Year Employee			(e1) Year 1 $3000	(e2) Year 2 $3000	(e3) Year 3 $3000
1							00			
2							00			
3							00			
4							00			
5							00			
6							00			
7							00			
8							00			
9							00			
10							00			
11							00			
12							00			
13							00			
14							00			
15	TOTAL: • For column (c), add the number of employees in each column (c1), (c2) and (c3), and enter the total for each column on line 15. • For columns (d) and (e), add the amounts in each column and enter the total for each column on line 15 15						00			

If you have more than 14 qualified employees, complete and include additional sheets of Form 332-3.

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2014 Credits for Healthy Forest Enterprises

CREDITS FOR HEALTHY FOREST ENTERPRISES CONTACT INFORMATION

Arizona Commerce Authority

•Certification requirements •Certification forms
•Program guidelines

Website: **www.azcommerce.com**

Program Manager (602) 845-1200

Arizona Department of Revenue

•Tax forms and instructions •Information and assistance

Website: **www.azdor.gov**

Taxpayer assistance (602) 255-3381
From area codes 520 and 928, toll-free (800) 352-4090

General Instructions

Employment Credit for Healthy Forest Enterprises

Arizona Revised Statutes (A.R.S.) §§ 43-1076 and 43-1162 allow a business that operates a healthy forest enterprise to receive a nonrefundable employment credit against individual and corporate income tax liabilities for taxable years beginning from and after December 31, 2004 through December 31, 2024.

Training Credit for Healthy Forest Enterprises

A.R.S. §§ 43-1076.01 and 43-1162.01 allow a business that operates a healthy forest enterprise to receive a nonrefundable training credit against individual and corporate income tax liabilities for taxable years beginning from and after December 31, 2011 through December 31, 2024.

In order to claim either credit, the business must be a qualified healthy forest enterprise, as certified by the Arizona Commerce Authority (Commerce). The business must provide a copy of its Commerce certification to the department for approval before using the certification to obtain this credit.

The credit is available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate UBTI.

While a taxpayer may claim both credits for healthy forest enterprises with respect to the same employees, the credits for healthy forest enterprises are in lieu of the following credits, with respect to the same employees:

- The credit for new employment, under A.R.S. §§ 43-1074 or 43-1161 (claimed on Arizona Form 345); and
- The military reuse zone credit, under A.R.S. §§ 43-1079 or 43-1167 (claimed on Arizona Form 306).

In general, a qualified healthy forest enterprise is a business operation that enhances or sustains forest health, sustains or recovers watershed or improves public safety. A qualified healthy forest enterprise must be primarily engaged in the business of harvesting, transporting or processing of qualifying forest products for commercial use. To obtain information regarding additional criteria for qualification, contact Commerce using the contact information shown above.

The credits are based on the net increase in the number of qualified employment positions created and filled by a business operating a healthy forest enterprise.

The employment credit is computed using the wages of qualified employees of the business and the net increase in the number of qualified employment positions.

The training credit is based on the net cost to the taxpayer of training and certifying a new employee in a qualified employment position, but not more than $3,000 in each of the first three years of employment.

Positions occupied by employees that meet the following criteria are considered qualified employment positions.

NOTE: *The business claiming a credit under a twelve month certification from Commerce must employ at least three new employees in qualified employment positions in the first taxable year in which the credits are claimed. This three position minimum does not apply to businesses first claiming the credit under a 60 month certification from Commerce.*

EMPLOYEES IN QUALIFIED POSITIONS

1. Must be Arizona residents on their hire date.
2. Must be permanent, full-time employees in positions that require at least 1,550 hours per year. The 1,550 hour requirement does not include overtime hours. If forest closures or weather conditions beyond the taxpayer's control result in a shorter period, this would not disqualify the employee so long as the position is still permanent and full-time, and all other qualifications are met.
3. Must have duties that primarily involve or directly support the harvesting, transporting or processing of qualifying forest products for commercial use.
4. Must be compensated at wages equal to or greater than the wage offer of the county, as computed annually by the Arizona Department of Economic Security research administration division.
5. Cannot have been employed by the business within the twelve months preceding their hire date.
6. Must have been employed for at least ninety days during the first taxable year. An employee who is hired during the last ninety days of the taxable year shall be considered a new employee during the following taxable year.
7. Must have employer-provided health insurance coverage, a portion of which must be paid for by the employer. The employer must pay for at least twenty-five percent of the premium or membership cost of the insurance program in the third year the employer claims the credit for healthy forest enterprises. The employer must pay at least forty percent of this cost in the fourth year it claims the credit, and at least fifty percent of the cost in the fifth year it claims the credit.

Calculating the Credits

The number of qualified employment positions on which the credits can be computed cannot exceed 200 per year per taxpayer. For example, if a taxpayer has several healthy forest enterprises, the taxpayer would add up the net increase in qualified employment positions for all enterprises and compute the credit on that number or 200, whichever is the lesser amount. If the net increase is being computed for a group of corporations filing a combined or consolidated

Arizona corporate income tax return, that group is considered a single taxpayer and therefore entitled to use no more than 200 positions for its credit calculations. Co-owners of the same enterprise(s) are similarly limited to the lesser of the net increase in qualified employment positions or 200. Each co-owner would get a pro rata share of the credits. Therefore, although a taxpayer may have more than 200 filled qualified employment positions, the taxpayer must select which of those positions should be used for computing the credits. The same employees who are used to compute the first year credit are used to compute the second and third year credits.

The number of qualified employment positions determined in the first year will never increase in the second or third year. Only the same positions that were qualified in the first year can be used to compute the credits in the two subsequent tax years.

Employment Credit for Healthy Forest Enterprises

Once the taxpayer has determined which employees it will use to compute the employment credit, the credit amount allowed per employee is applied. Only employee wages incurred during the period the taxpayer has been certified may be used for this calculation. The credit amount per employee depends on the employee's year of employment, as follows.

First year employees: The lesser of $500 or one-fourth of the taxable wages paid to an employee in a qualified employment position in the first year or partial year of employment.

Second year employees: The lesser of $1,000 or one-third of the taxable wages paid to an employee in a qualified employment position in the second year of continuous employment.

Third year employees: The lesser of $1,500 or one-half of the taxable wages paid to an employee in a qualified employment position in the third year of continuous employment.

Training Credit for Healthy Forest Enterprises

Once the taxpayer has determined which employees it will use to compute the training credit, the credit amount allowed per employee is applied. Only the net cost to the taxpayer of training and certifying the new employee incurred during the period the taxpayer has been certified may be used for this calculation. The credit amount per employee is the net cost to the taxpayer of training and certifying the employee, but not to exceed $3,000 in each of the first three years of employment.

Credit Carryovers

Co-owners of a business, including partners in a partnership and shareholders of an S corporation, may each claim only a pro rata share of the allowable credits based on the ownership interest. The total of the credits allowed all owners may not exceed the amount that would have been allowed for a sole owner of the business.

Specific Instructions

Complete the name and taxpayer identification number section at the top of the form. Indicate the period covered by the taxable year. Include all supporting forms with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, an exempt organization with UBTI, an S corporation, or a partnership is the taxpayer's employer identification number. The TIN for an individual is the taxpayer's social security number or an Internal Revenue Service individual taxpayer identification number. Taxpayers that fail to include their taxpayer identification number may be subject to a penalty.

Part 1 - Business Information

Lines 1 and 2 -

Enter the name and taxpayer identification number of the healthy forest enterprise. For a corporation, an exempt organization with UBTI, a partnership, or an S corporation, use the taxpayer's employer identification number.

Lines 3 through 5 -

Check only one box on each line to answer each of the questions on line 3, line 4, and line 5.

Part 2 - Average Number of Full-Time Employees

Use these lines to calculate the difference in the average number of full-time employees that worked for the healthy forest enterprise in this taxable year and the average for the immediately preceding taxable year. The following worksheet can be helpful in figuring the average. The column for each year corresponds to line 6 and line 7 on page 1 of Form 332.

On lines 1 through 12 of the worksheet, enter the number of full-time employees employed at the end of each month of the year indicated. If the enterprise was not in operation in the immediately preceding taxable year, that year's average is zero. Once the worksheet has been completed, enter the amounts on page 1 of Form 332.

Average Number of Full-Time Employees Worksheet

		Line 6 Current Taxable Year	Line 7 Immediately Preceding Taxable Year
1	January		
2	February		
3	March		
4	April		
5	May		
6	June		
7	July		
8	August		
9	September		
10	October		
11	November		
12	December		
13	Total – add lines 1 through 12.		
14	Total number of months during the taxable year in which the healthy forest enterprise was in business.		
15	Average – divide the amount on line 13 by the amount on line 14.		

Line 8 -

Subtract the amount on line 7 from the amount on line 6. If the difference contains a decimal, enter the whole number only - do not round up. This is the net increase in the average number of full-time employees. If the difference is zero, the enterprise cannot claim an employment credit for qualified employment positions created during the current taxable year.

If the amount is greater than zero, enter the amount here and in Part 3, line 10.

Part 3 - Net Increase in Qualified Employment Positions

Lines 9 through 11 -

Enter the total number of filled qualified employment positions created during the current taxable year on line 9. If the business is claiming the employment credit under a twelve month certification, it must employ at least three new employees in qualified employment positions in the first taxable year it claims the credit. If a qualified employment position is filled during the last ninety days of the taxable year, it is considered a new qualified employment position for the next taxable year. A newly created position is a qualified employment position on the date that it meets all of the requirements for a qualified employment position.

Compare the amounts on lines 9 and 10. Enter the lowest of the numbers on line 11.

Part 4 - Limitation on Number of Qualified Employment Positions

Compare the amounts on lines 11 and 12. Enter the lower number on line 13. This is the maximum number of positions on which you may compute each of the credits.

NOTE: *Before completing Part 5, lines 14 through 17, of Form 332, complete Forms 332-1 and 332-2. Use additional sheets, if necessary. See the instructions for Forms 332-1 and 332-2 at the end of these instructions.*

Part 5 - Employment Credit Calculation

Line 14 - Column (a)

Enter the number of qualified net new employees from Form 332-2, line 15, column (c)1. This number cannot exceed the maximum number shown on line 13, Part 4 of Form 332.

Line 14 - Column (b)

Enter the total allowable wages for qualified first year employees from Form 332-2, line 15, column (e)1.

Line 14 - Column (d)

Multiply the amount entered on line 14, column (b) by the percent shown on line 14, column (c). Enter the result on line 14, column (d). This is the allowable credit for qualified new employees.

Line 15 - Column (a)

Enter the number of previously qualified employees in the second year of continuous employment from Form 332-2, line 15, column (c)2.

Line 15 - Column (b)

Enter the total allowable wages for qualified second year employees from Form 332-2, line 15, column (e)2.

Line 15 - Column (d)

Multiply the amount entered on line 15, column (b) by the percent shown on line 15, column (c). Enter the result on line 15, column (d). This is the allowable credit for previously qualified employees in their second year of continuous employment.

Line 16 - Column (a)

Enter the number of previously qualified employees in the third year of continuous employment from Form 332-2, line 15, column (c)3.

Line 16 - Column (b)

Enter the total allowable wages for qualified third year employees from Form 332-2, line 15, column (e)3.

Line 16 - Column (d)

Multiply the amount entered on line 16, column (b) by the percent shown on line 16, column (c). Enter the result on line 16, column (d). This is the allowable credit for previously qualified employees in their third year of continuous employment.

Line 17 -

Add the numbers on lines 14 through 16, in column (a). Enter the total on line 17 in column (a). Add the amounts on lines 14 through 16 in column (d). Enter the total on line 17 in column (d).

Before completing Part 6, lines 18 through 21, of Arizona Form 332, complete the Arizona Form 332-3. Use additional sheets, if necessary. See instructions for Form 332-3 at the end of these instructions.

Part 6 - Training Credit Calculation

Line 18 - Column (a)

Enter the number of qualified net new employees from Form 332-3, line 15, column (c)1. This number cannot exceed the maximum number shown on line 13, Part 4 of Form 332.

Line 18 - Column (b)

Enter the total net cost of training and certifying qualified first year employees from Form 332-3, line 15, column (e)1.

Line 19 - Column (a)

Enter the number of previously qualified employees in the second year of continuous employment from Form 332-3, line 15, column (c)2.

Line 19 - Column (b)

Enter the total net cost of training and certifying qualified second year employees from Form 332-3, line 15, column (e)2.

Line 20 - Column (a)

Enter the number of previously qualified employees in the third year of continuous employment from Form 332-3, line 15, column (c)3.

Line 20 - Column (b)

Enter the total net cost of training and certifying qualified third year employees from Form 332-3, line 15, column (e)3.

Line 21 -

Add the numbers on lines 18 through 20, in column (a). Enter the total on line 21 in column (a). Add the amounts on lines 18 through 20 in column (b). Enter the total on line 21 in column (b).

Part 7 - Recapture of the Employment Credit

Lines 22 through 27 -

If your healthy forest enterprise has had its qualification terminated or revoked within five taxable years after you first

claimed the employment credit for a healthy forest enterprise, you must recapture a percentage of the total employment credit you took in all prior years. How much credit you must recapture depends on the year you first received the credit, and how long ago it was. The percentage of credit you must recapture is shown in the following table.

If you first received the credit	The percentage is
Immediately preceding year	100% (1.00)
Two taxable years ago	80% (.80)
Three taxable years ago	60% (.60)
Four taxable years ago	40% (.40)
Five taxable years ago	20% (.20)
Six or more taxable years ago	No recapture

If the qualification was revoked due to reasons beyond the control of the business as determined by Commerce, you do not have to recapture the credit.

If you are required to recapture the employment credit, complete Part 7 as instructed on the form.

Part 8 - Recapture of the Training Credit

Lines 28 through 33 -

If your healthy forest enterprise has had its qualification terminated or revoked within five taxable years after you first claimed the training credit for a healthy forest enterprise, you must recapture a percentage of the total training credit you took in all prior years. How much credit you must recapture depends on the year you first received the credit, and how long ago it was. The percentage of credit you must recapture is shown in the following table.

If you first received the credit	The percentage is
Immediately preceding year	100% (1.00)
Two taxable years ago	80% (.80)
Three taxable years ago	60% (.60)
Four taxable years ago	40% (.40)
Five taxable years ago	20% (.20)
Six or more taxable years ago	No recapture

If the qualification was revoked due to reasons beyond the control of the business as determined by Commerce, you do not have to recapture the credit.

If you are required to recapture the training credit, complete Part 8 as instructed on the form.

Part 9 - S Corporation Credit Elections and Shareholder's Share of Credits and Credit Recaptures

The S corporation must complete this portion of Form 332 in order for the S corporation or its shareholders to claim the credit(s). The S corporation must make an irrevocable election either to claim the credit(s) or to pass the credit(s) through to its shareholders. The election statements on line 34 and line 35 must be signed by one of the officers of the S corporation who is also a signatory to Arizona Form 120S.

If the S corporation elects to pass the credits through to its shareholders, it must first complete Form 332, Parts 1 through 8, then complete Part 9, lines 36 through 39, separately for each shareholder. If the S corporation has been notified of a credit recapture for a credit it passed through to its shareholders, it must also complete line 40 and line 41, as applicable, separately for each shareholder.

Each S corporation shareholder is entitled to only a pro rata share of pass-through credit based on ownership interest in the S corporation. The total of the credit allowed to all shareholders may not exceed the amount that would have been allowed for a sole owner.

The S corporation must furnish each shareholder with a copy of pages 1 through 5 of Form 332. Each shareholder would then complete Parts 11 through 15, as applicable.

Part 10 - Partner's Share of Credits and Credit Recaptures

A partnership must complete Form 332, Parts 1 through 8, then complete Part 10, lines 42 through 45, separately for each partner. If the partnership has been notified of a credit recapture, it must also complete line 46 and line 47, as applicable, separately for each partner.

Each partner is entitled to only a pro rata share of the credit based on the partner's ownership interest in the partnership. The total of the credit allowed to all partners may not exceed the amount that would have been allowed for a sole owner.

The partnership must furnish each partner with a copy of pages 1 through 5 of Form 332. Each partner would then complete Parts 11 through 15, as applicable.

Part 11 - Recapture Summary for Employment Credit

Use lines 48 through 53 to determine whether you have any allowable employment credit remaining, even if you have to recapture some of it. Complete Part 11 as instructed on the form.

Part 12 - Recapture Summary for Training Credit

Use lines 54 through 59 to determine whether you have any allowable training credit remaining, even if you have to recapture some of it. Complete Part 12 as instructed on the form.

Part 13 - Available Employment Credit Carryover

Lines 60 through 65 -

Use Part 13 to figure your available employment credit carryover. Complete lines 60 through 65 if you claimed the employment credit on a prior year return and your employment credit was more than your tax.

Enter the taxable year(s) from which you are carrying over the employment credit in column (a) on lines 60 through 64. In column (b), enter the employment credit originally computed for that taxable year. In column (c), enter the amount of the employment credit from that taxable year which you have already used. Subtract the amount in column (c) from the amount in column (b) and enter the difference in column (d). Add the amounts entered on lines 60 through 64 in column (d). Enter the total on line 65, column (d). This is the available employment credit carryover available for the current taxable year.

Part 14 - Available Training Credit Carryover

Lines 66 through 71 -

Use Part 14 to figure your available training credit carryover. Complete lines 66 through 71 if you claimed the training

credit on a prior year return and your training credit was more than your tax.

Enter the taxable year(s) from which you are carrying over the training credit in column (a) on lines 66 through 70. In column (b), enter the training credit originally computed for that taxable year. In column (c), enter the amount of the training credit from that taxable year which you have already used. Subtract the amount in column (c) from the amount in column (b) and enter the difference in column (d). Add the amounts entered on lines 66 through 70 in column (d). Enter the total on line 71, column (d). This is the available training credit carryover available for the current taxable year.

Part 15 - Total Available Credit

Line 72 -

Enter the current year's employment credit.

Individuals, corporations, exempt organizations with UBTI, or S corporations claiming the credit - enter the amount from Part 5, line 17, column (d).

S corporation shareholders - enter the amount from Part 9, line 38.

Partners of a partnership - enter the amount from Part 10, line 44.

Line 73 -

Enter the current year's training credit.

Individuals, corporations, exempt organizations with UBTI, or S corporations claiming the credit - enter the amount from Part 6, line 21, column (b).

S corporation shareholders - enter the amount from Part 9, line 39.

Partners of a partnership - enter the amount from Part 10, line 45.

Line 74 -

Enter the amount of available employment credit carryover from Part 13, line 65, column (d).

Line 75 -

Enter the amount of available training credit carryover from Part 14, line 71, column (d).

Line 76 -

Add lines 72 through 75 and enter the total here.

Corporations, exempt organizations with UBTI, and S corporations - enter the total available credit on Arizona Form 300, Part 1, line 11, column (c).

Individuals - enter the total available credit on Arizona Form 301, Part 1, line 17, column (c).

FORM 332-1 QUALIFIED EMPLOYEES

Alternative formats prescribed by the department may also be used to file this form. For example, the department will accept a hard copy spreadsheet that contains all the requested information or the information may be compiled with a spreadsheet program such as Microsoft Excel and submitted on a CD-ROM or DVD-ROM. The chosen media must be Microsoft Windows compatible. Regardless of the form, the information must be filed on or before the due date of the tax return, including any extensions.

Taxpayers submitting the information on CD-ROM or DVD-ROM should secure the CD-ROM or DVD-ROM in a hard case and include it with the tax return. Forms 332-1, 332-2 and/or 332-3 submitted on CD-ROM or DVD-ROM are part of the income tax return and are subject to the sworn statement on the return that they are true and correct to the best of the signer's knowledge and belief.

The CD-ROM or DVD-ROM should be labeled as Forms 332-1, 332-2 and 332-3, with the taxpayer's name, employer identification number and taxable year listed.

Taxpayers may password protect the CD-ROM or DVD-ROM and email the password separately to MediaLibrarian@azdor.gov. Include "Form 332-1, 332-2 and/or 332-3" in the subject line of the email. In the body of the email, include the same information that is on the CD-ROM or DVD-ROM label. The department will not return or copy any media.

CAUTION: Taxpayers that substitute the CD-ROM or DVD-ROM do so at their own risk and understand that the information may need to be provided to the department again at a later date if it is not accessible by the department for any reason.

Complete a Form 332-1 for each qualified employee. Include the employee's name, social security number, and the date each employee was hired. If an employee's job duties do not involve or directly support the harvesting, transporting or processing of qualifying forest products in a qualified project, the employee is not in a qualified employment position. Do not complete a Form 332-1 for employees that are not in qualified employment positions. These employees should not be listed on Form 332-2 or Form 332-3, and will not be used to compute the credits.

FORM 332-1, LINE 6 - complete this line if the employee was previously employed by the business (prior to current employment).

FORM 332-1, LINES 9a AND 9b - on line 9a, enter the total amount of the insurance premium or membership cost provided for the employee. If the business is self-insured, list the total amount of a predetermined fixed cost for the employee for an insurance program that is payable whether or not the employee has filed claims. On line 9b, enter the total amount of the insurance premium or membership cost paid by the employer.

FORM 332-2 QUALIFIED EMPLOYEES FOR WHICH YOU ARE TAKING THE EMPLOYMENT CREDIT

Complete the requested information for each employee in a qualified employment position for whom you are taking the employment credit. Utilize Forms 332-1 and 332-2 to complete Part 5, lines 14 through 17 on page two of Form 332.

FORM 332-3 QUALIFIED EMPLOYEES FOR WHICH YOU ARE TAKING THE TRAINING CREDIT

Complete the requested information for each employee in a qualified employment position for whom you are taking the training credit. Utilize Forms 332-1 and 332-3 to complete Part 6, lines 18 through 21 on page two of Form 332.

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Arizona Form **333**

Credit for Employing National Guard Members

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Your Name as shown on Form 140, 140PY, 140NR, 140X, 99T, 120, 120A, 120S, 120X or 165	Your Social Security or Employer Identification Number
Spouse's Name as shown on Form 140, 140PY, 140NR, 140X (if a joint return)	Spouse's Social Security Number

Part 1 Business Information

1 Business name:

2 Business location:

3 Employer Identification Number:

Part 2 Credit Computation

4	Number of qualifying employees placed on active duty during the current taxable year	**4**	
5	Credit per employee	**5**	1,000 00
6	Multiply the number on line 4 by the amount on line 5	**6**	00

Part 3 S Corporation Credit Election and Shareholder's Share of Credit

7 The S corporation has made an irrevocable election for the taxable year ending M M D D Y Y Y Y to (**check only one box**):

☐ Claim the credit for employing national guard members, as shown on Part 2, line 6 for the taxable year mentioned above;

OR

☐ Pass the credit for employing national guard members, as shown on Part 2, line 6 for the taxable year mentioned above, through to its shareholders.

Signature Title Date

If passing the credit through to the shareholders, complete lines 8 through 10 separately for each shareholder. Furnish each shareholder with a copy of pages 1 and 2 of Form 333.

8 Name of shareholder:

9 Shareholder's TIN:

10 Shareholder's share of the amount on Part 2, line 6 ..... **10** 00

Part 4 Partner's Share of Credit

Complete lines 11 through 13 separately for each partner.
Furnish each partner with a copy of pages 1 and 2 of Form 333.

11 Name of partner:

12 Partner's TIN:

13 Partner's share of the amount on Part 2, line 6 ..... **13** 00

Continued on page 2 ➔

Your Name (as shown on page 1)	Your Social Security or Employer Identification Number

Part 5 Available Credit Carryover

	(a) Taxable Year from which you are carrying a credit	(b) Original Credit Amount		(c) Amount Previously Used		(d) Available Carryover: Subtract column (c) from column (b).	
14	2009		00		00		00
15	2010		00		00		00
16	2011		00		00		00
17	2012		00		00		00
18	2013		00		00		00
19	TOTAL AVAILABLE CARRYOVER: Add lines 14 through 18, column (d)						00

Part 6 Total Available Credit

20 Current year's credit:

- Individuals, corporations, S corporations that are claiming the credit, or exempt organizations with UBTI: Enter the amount from Part 2, line 6.
- S corporation shareholders: Enter the amount from Part 3, line 10.
- Partners of a partnership: Enter the amount from Part 4, line 13 ..... **20** 00

Individual: Also enter this amount on Arizona Form 301, Part 1, line 18, column (a).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Arizona Form 300, Part 1, line 12, column (a).

21 Available carryover from Part 5, line 19, column (d) **21** 00

Individual: Also enter this amount on Arizona Form 301, Part 1, line 18, column (b).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Arizona Form 300, Part 1, line 12, column (b).

22 Total Available Credit: Add lines 20 and 21 and enter the total **22** 00

Individuals: Also enter this amount on Arizona Form 301, Part 1, line 18, column (c).
Corporations, including S corporations that are claiming the credit and exempt organizations with UBTI: Also enter this amount on Arizona Form 300, Part 1, line 12, column (c).

Your Name (as shown on Form 333, page 1)	Your Social Security or Employer Identification Number

Page _____ of _____

Form 333-1 Qualifying Employees 2014

	(a) Employee Name	(b) Social Security Number	(c) Date of Hire	(d) Date placed on Active Duty	(e) Was this employee in a full-time employment position when placed on active duty?	(f) Did this employee serve on active duty during the taxable year for training that exceeds the required annual training period, including any activation for federal or state contingencies or emergencies?
1					☐ Yes ☐ No	☐ Yes ☐ No
2					☐ Yes ☐ No	☐ Yes ☐ No
3					☐ Yes ☐ No	☐ Yes ☐ No
4					☐ Yes ☐ No	☐ Yes ☐ No
5					☐ Yes ☐ No	☐ Yes ☐ No
6					☐ Yes ☐ No	☐ Yes ☐ No
7					☐ Yes ☐ No	☐ Yes ☐ No
8					☐ Yes ☐ No	☐ Yes ☐ No
9					☐ Yes ☐ No	☐ Yes ☐ No
10					☐ Yes ☐ No	☐ Yes ☐ No
11					☐ Yes ☐ No	☐ Yes ☐ No
12					☐ Yes ☐ No	☐ Yes ☐ No
13					☐ Yes ☐ No	☐ Yes ☐ No
14					☐ Yes ☐ No	☐ Yes ☐ No
15					☐ Yes ☐ No	☐ Yes ☐ No
16					☐ Yes ☐ No	☐ Yes ☐ No

If you have more than 16 qualifying employees, complete additional schedules and include with the form.

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2014 Credit for Employing National Guard Members

Arizona Form 333

Phone Numbers

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 and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

Publications and Brochures

To view or print the department's publications and brochures, go to our website and click on *Publications*.

General Instructions

Arizona law provides a credit for employers who have an employee that is a member of the Arizona National Guard if the employee is placed on active duty.

The credit is $1,000 for each employee who is placed on active duty by the Arizona National Guard.

To qualify for the credit, all of the following must apply:

1. The employee must be a member of the Arizona National Guard.
2. The employee must be in a full time equivalent position when the employee is placed on active duty.
3. Each member of the Arizona National Guard who is employed must have served during the taxable year on active duty for training that exceeds the required annual training period, including any activation for federal or state contingencies or emergencies.

You may claim this credit only once in any taxable year with respect to each employee who is placed on active duty by the Arizona National Guard. However, you may claim the credit again for that employee in a subsequent year if that employee remains on active duty or is placed again on active duty in a subsequent taxable year.

If the allowable credit exceeds your income tax liability, you may carry over any unused amount for the next five consecutive taxable years.

This credit is available to individuals, corporations, and S corporations. A partnership may pass the credit through to its partners. An S corporation may pass the credit through to its shareholders.

This credit is also available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate the UBTI.

Line-by-Line Instructions

Enter your name and Social Security Number (SSN) as shown on Arizona Forms 140, 140PY, 140NR, or 140X.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for an individual is the taxpayer's SSN or an Internal Revenue Service (IRS) individual taxpayer identification number (ITIN). Taxpayers that fail to include their identification number may be subject to a penalty.

Part 1 - Business Information

Lines 1 through 3 -

Enter the name, address, and employer identification number of the business that employs qualifying employees.

Part 2 - Credit Computation

Before completing lines 4 through 6, complete Form 333-1. Form 333-1 is a listing of all employees for which you are claiming the credit. If you have more than 16 qualifying employees, complete additional schedule(s) and include with the credit form.

Form 333-1 Qualifying Employees

Complete Form 333-1 as instructed on the form.

Form 333 -

Lines 4 through 6 -

The credit is $1,000 for each qualifying employee that is placed on active duty by the Arizona National Guard.

Complete lines 4 through 6 as instructed on the form.

Part 3 - S Corporation Credit Election and Shareholder's Share of Credit

Line 7 -

The S corporation must complete this portion of Form 333 in order for the S corporation or its shareholders to claim this credit. The S corporation must make an irrevocable election either to claim the credit or to pass the credit through to its shareholders.

The election statement must be signed by one of the officers of the S corporation who is also a signatory to the Arizona Form 120S.

Lines 8 through 10 -

If the S corporation elects to pass the credit through to its shareholders, it must also complete lines 8 through 10.

S corporations must complete Form 333, Parts 1 through 3. The S corporation must complete Part 3, lines 8 through 10, separately for each shareholder.

Each shareholder may claim only a pro rata share of the credit based on the shareholder's ownership interest in the S corporation. The S corporation must furnish each shareholder with a copy of pages 1 and 2 of Form 333.

Each shareholder must complete Parts 5 and 6.

Part 4 - Partner's Share of Credit

Lines 11 through 13 -

Partnerships must complete Form 333, Parts 1 and 2. Then complete Part 4, lines 11 through 13, separately for each partner. Each partner may claim only a pro rata share of the credit based on the partner's ownership interest in the partnership. The partnership must furnish each partner with a copy of pages 1 and 2 of Form 333.

Each partner must complete Parts 5 and 6.

Part 5 – Available Credit Carryover

Lines 14 through 19 -

Complete Part 5, lines 14 through 19 to figure your available credit carryover from taxable years 2009 through 2013 if you claimed the credit on your 2009, 2010, 2011, 2012 and/or 2013 return, and the credit was more than your tax.

- In column (b), enter the credit originally computed for the taxable year listed in column (a).
- In column (c), enter the amount of the credit from that taxable year which you have already used.
- In column (d), subtract the amount in column (c) from the amount in column (b) and enter the difference.
- Add the amounts entered on lines 14 through 18 in column (d).

Enter the total on line 19, column (d).

Part 6 - Total Available Credit

Line 20 -

Individuals, corporations, S corporations claiming the credit, or exempt organizations with UBTI, enter the amount from Part 2, line 6.

S corporation shareholders, enter the amount from Part 3, line 10.

Partners of a partnership, enter the amount from Part 4, line 13.

Line 21 -

Enter the amount from Part 5, line 19, column (d).

Line 22 -

Add lines 20 and 21. Enter the total.

Corporations, S corporations claiming the credit, and exempt organizations with UBTI claiming the credit; also enter the total available credit on Arizona Form 300, Part 1, line 12, column (c).

Individuals; also enter the total available credit on Arizona Form 301, Part 1, line 18, column (c).

Arizona Form **334**

Motion Picture Credits

2014

Include this completed form and your Commerce post-approval document with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y.

Name as shown on Form 140, 140PY, 140NR, 140X, 99T, 120, 120A, 120S, 120X or 165	Social Security or Employer Identification Number

Part 1 Individual Who Will Maintain Records of Expenditures in Arizona

Name	Current Address – number and street		
Phone Number (with area code)	City, Town or Post Office	State	ZIP Code

Part 2 Listing of Post-Approved Productions

Motion Picture Production Companies, complete this section. List completed productions for which you have received Commerce post-approval. If you have more than two completed productions, include additional schedules. See instructions.

	(a) Commerce Post-Approval Information			(b) Approved Credit Amount	
	(a)1 Allocation Year	(a)2 Post-Approval Date	(a)3 Post-Approval Number		
1	YYYY	M M D D Y Y Y Y			00
2	YYYY	M M D D Y Y Y Y			00
3	Aggregate total from all additional schedules			3	00
4	TOTAL: Add lines 1 through 3			4	00

Part 3 S Corporation Credit Election and Shareholder's Share of Credit

5 The S corporation has made an irrevocable election for the allocation year Y Y Y Y to **(check only one box):**

☐ Claim the credit for motion picture production costs as shown on Part 2, line 4 (for the allocation year mentioned above);

OR

☐ Pass the credit for motion picture production costs as shown on Part 2, line 4 (for the allocation year mentioned above) through to its shareholders.

Signature _____ Title _____ Date _____

If passing the credit through to the shareholders, complete lines 6 through 9 separately for each shareholder. Furnish each shareholder with a copy of pages 1 and 2 of Form 334. Provide each shareholder with a copy of the post-approval document from Commerce.

6 Name of shareholder: _____

7 Shareholder's TIN: _____

8 Shareholder's share of the available credit for motion picture production costs from Part 2, line 4	**8**	00
9 Shareholder's share of the amount of motion picture production expenses to be included as Arizona income	**9**	00

- Individual shareholders of an S corporation: If you are claiming this credit, you must include the amount from Part 3, line 9 on your Arizona income tax return under "Other Additions".

Continued on page 2 ➔

Name (as shown on page 1)	TIN

Part 4 Partner's Share of Credit

Complete lines 10 through 12 separately for each partner. Furnish each partner with a copy of pages 1 and 2 of Form 334. Provide each partner with a copy of the post-approval document from Commerce.

10 Name of partner: _____

11 Partner's TIN: _____

12 Partner's share of the available credit for motion picture production costs for the allocation year Y Y Y Y from Part 2, line 4 ..... **12** _____ 00

Part 5 Available Credit Carryover

Include Form(s) 334-1 to detail lines 15 and/or 18.

		(a)		(b)	
13 Allocation year: See instructions	**13**	2010		2009	
14 Original credit amount	**14**		00		00
15 Credit transfers received: Include schedule	**15**		00		00
16 Available credit: Add lines 14 and 15	**16**		00		00
17 Amount previously used	**17**		00		00
18 Credit transferred to other taxpayer(s): Include schedule	**18**		00		00
19 Amount unallowable: See instructions	**19**		00		00
20 Available carryover: Subtract the sum of lines 17 through 19 from line 16	**20**		00		00

21 TOTAL AVAILABLE CARRYOVER: Add amounts on line 20, columns (a) and (b) ..... **21** _____ 00

- Corporations, exempt organizations with UBTI, and S corporation: Also enter this amount on Form 300, Part 1, line 13, column (b).
- Individuals: Also enter this amount on Form 301, Part 1, line 19, column (b).

Name (as shown on Form 334): _____ TIN: _____ Page ____ of ____

Form 334-1

Schedule of Credit Transfers

Use this form to list the credit for motion picture production costs that you either received from other entities or transferred to other entities.

2014

This form applies to allocation year (check only one box): ☐ 2009 ☐ 2010

Part 1 Credits Received From Other Entities: List the credits other entities have transferred to you.

	(a) Transferor Information		(b) Motion Picture Production Company Information		(c) Commerce Post-Approval Number	(d) Transfer Date	(e) Amount of Credit Received from Transferor
	(a)1 Name	(a)2 TIN	(b)1 Name	(b)2 TIN			
1						MM DD YY	
2						MM DD YY	
3						MM DD YY	
4						MM DD YY	
5	TOTAL: Add lines 1 through 4 in column (e)					5	

Part 2 Credits Transferred to Other Entities: List the credits you transferred to other entities.

	(a) Motion Picture Production Company Information		(b) Commerce Post-Approval Number	(c) Credit Transferred To		(d) Transfer Date	(e) Latest Taxable Year in Which You Applied Credit	(f) Amount of Credit Available for Transfer	(g) Amount of Credit Transferred	(h) Credit Balance
	(a)1 Name	(a)2 TIN		(c)1 Name	(c)2 TIN					
6						MM DD YY				
7						MM DD YY				
8						MM DD YY				
9						MM DD YY				
10	TOTAL: Add lines 6 through 9 in columns (f) through (h)						10			

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2014 Motion Picture Credits

CONTACTS FOR MOTION PICTURE PRODUCTION TAX INCENTIVES PROGRAM

Arizona Commerce Authority

Program Manager (602) 845-1200

Arizona Department of Revenue

•Tax forms and instructions •Information and assistance

Website: **www.azdor.gov**

Taxpayer assistance (602) 255-3381
From area codes 520 and 928, toll-free (800) 352-4090

General Instructions

Credit for Motion Picture Production Costs

Former Arizona Revised Statutes §§ 43-1075 and 43-1163 provided transferable individual and corporate income tax credits against tax liabilities for motion picture production companies that produce motion pictures completely or partially in Arizona. "Motion picture" was defined as a single medium or multimedia program including commercials, music videos or a television series.

The credit is based on a percentage of motion picture production costs that a motion picture production company had in Arizona that were directly attributable to the production of the motion picture in Arizona.

The tax credit is in lieu of a deduction for the expenses for which the credit is claimed. An addition to Arizona gross income is required for the amount of the expenses included in the computation of federal taxable income for which the Arizona tax credit is claimed. For example, if a taxpayer computes its $30,000 credit on $100,000 of expenses, the taxpayer must add $100,000 to federal taxable income.

The credit is available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate UBTI.

No credit will be allowed to any taxpayer who has a delinquent tax balance owed to the Arizona Department of Revenue.

In order to obtain the credit for motion picture production costs, a motion picture production company must have received post-approval from the Arizona Commerce Authority ("Commerce") prior to claiming the credit. The credit may be claimed on the first tax return due after the post-approval has been received, but not before the tax year of the pre-approval ("allocation year"). The allocation year is the calendar year to which the credit was applied to the annual credit cap. This date will be noted on the post-approval document.

For example, Company A, a motion picture production company, is a calendar year filer. Company A received pre-approval from Commerce for producing Motion Picture B on November 9, 2010, and received its post-approval on July 31, 2012. Because the credit is allocated to the year in which the credit is applied to the cap, Company A's credit is allocated to 2010, and 2010 is the first year of the credit. However, because Company A must claim the credit on the first return due after the post-approval, the first year in which Company A may claim the credit is 2011 (if Company A did not request a filing extension for 2011, Company A could not claim the credit on its 2011 return).

NOTE: *The credit for motion picture production costs must be claimed on a timely filed original income tax return, including extensions. Therefore, the credit may not be claimed on an amended return.*

The credit a taxpayer may claim can never exceed the amount that was preapproved.

NOTE: *The production company must submit a copy of the post-approval document with Form 334 when claiming the credit.*

Credit Transfer

Form 334-1 - Schedule of Credit Transfers

Former Arizona law allowed you to obtain the motion picture credit from other entities, and to transfer your credit to other entities. Use Form 334-1 to record transfers you made to, and received from, other entities.

Check a box to indicate the allocation year of the credit. Check only one box. Complete a separate Form 334-1 for transfers related to each allocation year. For example, if the taxpayer is transferring credits from both 2009 and 2010, the taxpayer would complete one Form 334-1 for 2009 and complete a separate Form 334-1 for 2010.

Complete Part 1 to record the credits you have received as transfers from other entities. If you received a credit as a transfer directly from the motion picture company that originated the credit, enter the name and TIN of the motion picture company in column (a). In column (b), write "same as transferor." If you received the credit from an entity other than the motion picture company, enter that entity information in column (a), and the information of the motion picture company in column (b).

Complete Part 2 to record the credits you transferred to others. In column (h), enter any credit balance you have remaining on a credit you transferred to someone else. If you have no balance remaining, write zero in column (h).

Form 334-E and Form 334-O - Notice of Transfer

Complete Form 334-E or Form 334-O as instructed on the form.

Authorized contact person: List the name and telephone number of the individual who Arizona Department of Revenue employees may contact with questions about this form. Confidential information may be disclosed to a principal officer, any person designated by a principal officer, any person designated in a resolution by the corporate board of directors or other similar governing body, or to an individual designated as an authorized representative in a valid power of attorney. A principal

corporate officer of a parent corporation may execute a written authorization for a controlled subsidiary. Refer to Arizona General Tax Ruling GTR 02-1 for additional information on the definition of a controlled subsidiary. IF THIS INDIVIDUAL IS NOT A PRINCIPAL OFFICER, OR IS NOT DESIGNATED AS AN AUTHORIZED REPRESENTATIVE IN A VALID POWER OF ATTORNEY, THE TAXPAYER UNDERSTANDS AND AGREES THAT CONFIDENTIAL INFORMATION MAY BE DISCLOSED TO THIS INDIVIDUAL.

NOTE: *Both the transferor and transferee must report transfers to the department within thirty days of the transfer. Transferors file Form 334-O while transferees file Form 334-E. Do not file the forms with Form 334. Instead, mail them to this address: Arizona Department of Revenue, Office of Economic Research and Analysis, PO BOX 29099, Phoenix, AZ 85038.*

Carryover Period

The credit for motion picture production costs may be carried forward and used against not more than five consecutive taxable years' income tax liabilities.

The carryover period is determined by the allocation year of the motion picture production company that originated the credit. The allocation year is the calendar year to which the credit was applied to the annual credit cap. This date will be noted on the post-approval document received from Commerce. All motion picture credits are already in the five year carryover period.

Example 1: Company C, a motion picture production company, is a calendar year filer. Company C received pre-approval from Commerce for producing Motion Picture D on January 3, 2010. Because the credit is allocated to the year the credit is applied to the annual credit cap, 2010 is the allocation year; 2010 is also the first year of the credit.

Company C received its post-approval for Motion Picture D on June 14, 2012. Company C may claim the credit on the first return due after the post-approval, but not before the allocation year. The first year in which Company C may claim the credit is 2011(if Company C did not request a filing extension for 2011, Company C could not claim the credit on its 2011 return). Because the carryforward period begins with the first year after the allocation year, 2011 is the first year of the carryover period.

If Company C transfers the credit to Company E during Company E's 2012 tax year (year two of the carryover period), Company E may use the credit to apply against its 2012 tax liability. If Company E transfers the credit in 2013 to Company F, Company F would be using the credit in the third carryover year. There would be two more consecutive calendar years remaining in the carryover period. A credit allocated to the 2010 annual credit cap can be carried forward through calendar year 2015.

NOTE: *The credit for motion picture production costs must be claimed on a timely filed original income tax return, including extensions. Therefore, it may not be claimed on an amended return.*

Limited Managed Audit

The motion picture company may enter into a limited managed audit agreement with the department to confirm the credit amount. Contact the department's audit section for details.

Specific Instructions

Complete the name and taxpayer identification number section at the top of the form. Indicate the period covered by the taxable year. Include the completed form with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, an exempt organization with UBTI, an S corporation, or a partnership is the taxpayer's employer identification number. The TIN for an individual is the taxpayer's social security number or an Internal Revenue Service individual taxpayer identification number. A taxpayer that fails to include its TIN may be subject to a penalty.

If you did not originate the credit, but received the credit through a transfer, skip Parts 1 through 4. Complete Part 5 and Form(s) 334-1.

Part 1 - Individual Who Will Maintain Records of Expenditures in Arizona

In this area, enter the name, address, and telephone number of the person who will keep the records of the expenditures the company has in Arizona. If more than one individual will keep the records, include an additional schedule.

Your tax information on file with the department is confidential. The department cannot discuss your tax information with anyone else, unless you have authorized the department to release confidential information to that person. You may use Arizona Form 285 to authorize the department to release confidential information to the individual(s) you have named in Part 1, or any appointee you choose. See Form 285 for details.

Part 2 - Listing of Post-approved Productions

Lines 1 through 4 -

In Part 2, list all of your productions that Commerce postapproved that are eligible to be claimed on this year's tax return. Credits for motion picture production costs are eligible to be claimed on the first tax return due after the post-approval date, including extensions. Write the allocation year in column (a)1. The allocation year is the calendar year to which the credit was applied to the annual credit cap. This date will be noted on the post-approval document received from Commerce. Commerce has assigned each production a priority placement number, which should be the same on both pre-approval and post-approval documents. List this number in column (a)3.

If the company entered into a limited managed audit agreement, list the approved credit amount based on the

Motion Picture Tax Credit Certificate. Otherwise, enter the approved credit amount per the post-approval document.

If you do not have enough lines on the form to enter all of the productions eligible to be claimed this tax year, include a schedule that shows all of the information Part 2 requires. Enter the total approved credit amount from all included schedules on line 3. Add lines 1 through 3, and enter the total on line 4. This is the total credit for motion picture production costs.

Because the allocation year in column (a)1 is 2010 or prior, the credit for motion picture production costs is already in the five year carryover period. Enter the amount for each production from Part 2, column (b) in Part 5, on line 13, in the column corresponding with the allocation year in Part 2, column (a)1.

Complete Form 334-1 before completing the rest of Form 334.

FORM 334-1

Complete Form(s) 334-1; check the box to indicate the allocation year in which the credit was originated. Complete a Form 334-1 for each allocation year. List all transferred credits on Form(s) 334-1. Refer to Form(s) 334-1 to determine amounts needed for Form 334, Part 5, line 15 or line 18. For example, if a taxpayer transfers a credit in the amount of $50,000 from the 2009 allocation year, in addition to completing Form 334-1, Part 2, the taxpayer would enter $50,000 on Part 5, line 18 in the column for 2009.

FORM 334

NOTE: *Because all motion picture production cost credits are beyond the allocation year, they are already in the carryover period. All credits claimed in Part 2 should be entered in Part 5, line 14 of the allocation year of the credit.*

Part 3 - S Corporation Credit Election and Shareholder's Share of Credit

Lines 5 through 9 -

S corporations must complete this portion of Form 334 in order for the S corporation or its shareholders to claim the credit. The S corporation must make an irrevocable election either to claim the credit or to pass the credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to Arizona Form 120S.

If the S corporation elects to pass the credit through to its shareholders, it must first complete Form 334, Parts 1 and 2, then complete Part 3, lines 6 through 9, separately for each shareholder. The S corporation may determine the amount of pass-through credits on any basis, without regard to ownership interest. The total of the credits allowed to all shareholders may not exceed the amount that would have been allowed for a sole owner.

The S corporation must furnish each shareholder with a copy of pages 1 and 2 of Form 334 and a copy of the post-approval document received from Commerce. Each shareholder would then complete Part 5.

***Note to individual shareholders of an S Corporation**: If you are claiming the credit on Part 3, line 8, you must include the amount from Part 3, line 9, on your Arizona income return, under "Other Additions".*

Part 4 - Partner's Share of Credit

Lines 10 through 12 -

A partnership must complete Form 334, Parts 1 and 2, then complete Part 4, lines 10 through 12, separately for each partner. The partnership may determine the amount of pass-through credits on any basis, without regard to ownership interest. The total of the credits allowed to all partners may not exceed the amount that would have been allowed for a sole owner.

The partnership must furnish each partner with a copy of pages 1 and 2 of Form 334 and a copy of the post-approval document received from Commerce. Each partner would then complete Part 5.

Part 5 - Available Credit Carryover

Lines 13 through 21 -

Use Part 5 to figure your total available credit carryover for motion picture production costs. Complete lines 13 through 21, columns (a) through (b), if you claimed the credit on a prior year's return and the credit was more than your tax, or because the credit originated on this year's tax return was from a prior allocation year.

The allocation year(s) are entered on line 13. The allocation year is the calendar year to which the credit was applied to the annual credit cap. This date will be noted on the post-approval document received from Commerce. On line 14, enter the credit originally computed for that allocation year. On line 15, enter the total of any credit transfers you received that were originated in that allocation year. Add lines 14 and 15 together and enter the total on line 16. On line 17, enter the amount of the credit originated in that allocation year which you have already used. Enter the amount of credit from that allocation year that you transferred to other entities on line 18. On line 19, enter the total amount of credit that you can no longer use because it was disallowed, recaptured, or has expired. Subtract the sum of the amounts on lines 17 through 19 from line 16, and enter the difference on line 20. Add the amounts entered on line 20, column (a) and column (b) and enter the result on line 21, column (b).

NOTE: *Be sure to complete and submit Form(s) 334-1, one for each allocation year transferred credits were originated from, to detail credit transfers included on lines 15 and/or 18.*

The amount on Part 5, line 21, column (b) is the available credit carryover for motion picture production costs. Also enter this amount as instructed below:

Corporations, exempt organizations with UBTI, and S corporations – enter the amount on Form 300, Part 1, line 13, column (b).

Individuals – enter the amount on Form 301, Part 1, line 19, column (b).

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Arizona Form
334-E

Transferee Notice of Transfer of Motion Picture Credits

2014

DO NOT MAIL COMPLETED FORM WITH TAX RETURN.

The transferee must submit this notice to the Department of Revenue within 30 days after the sale or transfer. The notice must be accompanied by a processing fee of 1% of the transfer amount or $200, whichever is less. Notices that are not accompanied by the fee will be rejected.

How to Compute the Processing Fee:

1. Multiply the amount of transfer by 1% (.01).
2. 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.
3. If the result is less than $200, enter the amount. If the amount is equal to or greater than $200, enter $200.
4. Make checks payable to Arizona Department of Revenue.

Processing fee enclosed ..... $ 00

REVENUE USE ONLY. DO NOT MARK IN THIS AREA.
88

81 PM | 66 RCVD

A Transferee Information

Name			TIN
Address – number and street or PO Box	City, Town or Post Office	State	ZIP Code
Authorized Contact Person			Telephone Number (with area code)

B Motion Picture Production Company Information

Name			TIN
Address – number and street or PO Box	City, Town or Post Office	State	ZIP Code

C Credit Information

Date of Transfer		Amount of Transfer		Credit Post-Approval Number
M M D D Y Y Y Y		$ .00		

D Transferor Information

Name	TIN
Authorized Contact Person	Telephone Number (with area code)

Signature

Effective as of the transfer date, the transferee has received a credit for motion picture production costs for $_____.00, from the transferor noted above.

TRANSFEREE SIGNATURE

NAME (print or type)

TITLE

TELEPHONE NUMBER (with area code)

Do not mail completed form with tax return. Mail form separately to:

Arizona Department of Revenue • Office of Economic Research and Analysis • PO Box 29099 • Phoenix, AZ 85038-9099

ADOR 10717 (14)

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Arizona Form
334-O

Transferor Notice of Transfer of Motion Picture Credits

2014

DO NOT MAIL COMPLETED FORM WITH TAX RETURN.

The transferor must submit this notice to the Department of Revenue within 30 days after the sale or transfer. Each form must be for a transfer of a single credit by a transferor to one or more transferees. If you have more than one credit you are transferring, complete a separate Form 334-O for each credit.

A Transferor Information

Name			TIN
Address – number and street or PO Box	City, Town or Post Office	State	ZIP Code
Authorized Contact Person			Telephone Number (with area code)

B Motion Picture Production Company Information

Name			TIN
Address – number and street or PO Box	City, Town or Post Office	State	ZIP Code
Authorized Contact Person			Telephone Number (with area code)

C Credit Information

1	Credit post-approval number.....			4	Transfer credit balance before transfer	$	00
2	Amount of transfer from page 2, Part D, line 5.....	$	00	5	Transfer credit remaining after transfer	$	00
3	Date of transfer.....	MM DD YYYY					

D Transferee Information

Enter the transferee information on page 2 of this form.

Signature

The transferor hereby represents that it has neither claimed for its own behalf nor conveyed to any other transferee the credit for motion picture production costs transferred in this notice. Effective as of the date of transfer shown in this notice, the transferor agrees to transfer the credit amount shown on line 2 above.

TRANSFEROR SIGNATURE

TAXPAYER NAME (print or type)

TITLE

TELEPHONE NUMBER (with area code)

Do not mail completed form with tax return. Mail form separately to:

Arizona Department of Revenue • Office of Economic Research and Analysis • PO Box 29099 • Phoenix, AZ 85038-9099

Name of Transferor (as shown on page 1)	TIN

D Transferee Information

List each transferee to whom you are transferring this credit. If you need more space, complete additional schedules.

	Name		TIN	Credit amount	
1				$	00
	Number and street				
	City or town, state and ZIP code				
	Authorized contact person	Telephone number (with area code)			
2	Name			$	00
	Number and street				
	City or town, state and ZIP code				
	Authorized contact person	Telephone number (with area code)			
3	Name			$	00
	Number and street				
	City or town, state and ZIP code				
	Authorized contact person	Telephone number (with area code)			
4	Name			$	00
	Number and street				
	City or town, state and ZIP code				
	Authorized contact person	Telephone number (with area code)			
5	TOTAL: Add lines 1 through 4. Enter the total here and on page 1, Part C, line 2			$	00

Arizona Form **335**

Credit for Corporate Contributions to School Tuition Organizations

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Name as shown on Form 99T, 120, 120A, 120S, 120X or 165	Employer Identification Number

Part 1 Current Taxable Year's Credit Calculation

	(a) School Tuition Organization Name and Address	(b) Credit Approval Number	(c) Contribution Amount	
1				00
2				00
3				00
4				00
5				00
6				00
7				00
8				00
9				00
10				00
11	TOTAL CURRENT YEAR'S CREDIT: Add lines 1 through 10 11			00

Continued on page 2 ➔

Name (as shown on page 1)	EIN

Part 2 Corporate Partner's Share of Credit

Complete lines 12 through 14 separately for each corporate partner. Furnish each corporate partner with a copy of pages 1 and 2 of Form 335.

12 Name of corporate partner: _____

13 Corporate partner's TIN: _____

14 Corporate partner's share of the amount on Part 1, line 11, column (c) ..... **14** _____ 00

Part 3 Available Credit Carryover

	(a) Taxable Year	(b) Original Credit Amount	(c) Amount Previously Used	(d) Available Carryover: Subtract column (c) from column (b).
15		00	00	00
16		00	00	00
17		00	00	00
18		00	00	00
19		00	00	00

20 TOTAL AVAILABLE CARRYOVER: Add lines 15 through 19 in column (d) ..... **20** _____ 00

Part 4 Total Available Credit

21 Current year's credit:

- Corporations, exempt organizations with UBTI, and S corporations: Enter the amount from Part 1, line 11, column (c).
- Corporate partners of a partnership: Enter the amount from Part 2, line 14 ..... **21** _____ 00

Also enter this amount on Form 300, line 14, column (a).

22 Available credit carryover from Part 3, line 20, column (d) ..... **22** _____ 00

Also enter this amount on Form 300, line 14, column (b).

23 **Total available credit:** Add lines 21 and 22 ..... **23** _____ 00

Also enter this amount on Form 300, Part 1, line 14, column (c).

2014 Credit for Corporate Contributions to School Tuition Organizations

Arizona Form 335

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

Phoenix	(602) 255-3381
From area codes 520 and 928, toll-free	(800) 352-4090

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

General Instructions

Arizona Revised Statutes (A.R.S.) § 43-1183 provides a nonrefundable corporate income tax credit for contributions made to a school tuition organization that provides scholarships or grants to qualified schools. The school tuition organization must be certified pursuant to Chapter 15 of Title 43 at the time of donation.

Contributions designated as being for the direct benefit of any specific student will not qualify for the credit. This credit is in lieu of any deduction taken under Internal Revenue Code § 170 for state tax purposes.

The tax credit is equal to the amount the department has preapproved, if the taxpayer has made that amount of contribution to the school tuition organization within twenty days of when the school tuition organization notified the taxpayer of the preapproval.

The tax credit is available only to corporate taxpayers. A partnership may pass this credit through only to its corporate partners, each of which may claim a pro rata share of the credit based on ownership interest. An S corporation may claim this credit against income Arizona is taxing at the corporate level, or the S corporation may elect to pass this credit through to only its exempt organization shareholders, each of which may claim a pro rata share of the credit based on ownership interest.

The credit is available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate UBTI.

Co-owners of a business, including corporate partners of a partnership or exempt organization shareholders of an S corporation, may each claim only the pro rata share of the credit allowed based on the ownership interest. The pro rata share that would be distributed to non-eligible partners or shareholders is lost. The total of the credits allowed all such owners may not exceed the amount that would have been allowed for a sole owner of the business.

If the allowable tax credit exceeds the taxes otherwise due, or if there are no taxes due, the amount of the credit not used to offset taxes may be carried forward for not more than five consecutive taxable years as a credit against subsequent years' income tax liability.

The amount of total credits the Arizona Department of Revenue may allow cannot exceed $10 million in the first fiscal year. This amount will increase by 20% in each following fiscal year. The state's fiscal year begins on July 1, and ends on June 30 of the following year.

A taxpayer shall not claim a credit for this credit and the credit provided under A.R.S. § 43-1184, claimed on Arizona Form 341, with respect to the same contribution.

CREDIT PREAPPROVAL PROCEDURE

Before claiming the credit, obtain a copy of the school tuition organization's preapproved application. Include a copy of the preapproved application with Form 335. Failure to do so could result in a disallowance of this credit.

The department will preapprove the credits on a first-come, first-served basis. The preapproval process works as follows:

- Before making the contribution, the taxpayer notifies the school tuition organization of the intended amount.
- The school tuition organization requests preapproval from the Arizona Department of Revenue.
- The Arizona Department of Revenue preapproves or denies the request within twenty days after it has received the request, and notifies the school tuition organization.
- If the request is preapproved, the school tuition organization notifies the taxpayer immediately.
- The taxpayer must make the contribution within twenty days of receiving notice from the school tuition organization.

QUALIFIED SCHOOL TUITION ORGANIZATION REQUIREMENTS

The school tuition organization receiving contributions under this program must be certified pursuant to Chapter 15 of Title 43 at the time of donation.

For 2014, each educational scholarship or tuition grant is limited to $5,000 for kindergarten through eighth grade students, and to $6,300 for students in grades nine through twelve. Each limitation will each increase by $100 in each subsequent program year.

Specific Instructions

Complete the name and employer identification number section at the top of the form. Indicate the period covered by the taxable year. Include the completed form with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, an exempt organization with UBTI, an S corporation, or a partnership is the taxpayer's employer identification number. Taxpayers that fail to include their TIN may be subject to a penalty.

Part 1 - Current Taxable Year's Credit Calculation

List each school tuition organization's name, address, credit approval number, and approved contribution amount. If you made contributions to more than ten organizations, complete and include additional schedules.

Add the amount of contributions made to all school tuition organizations listed on lines 1 through 10, and any additional schedule(s). Enter the total on line 11.

Part 2 - Corporate Partner's Share of Credit

Partnerships must complete Form 335, Part 1. The partnership must complete Part 2, lines 12 through 14, separately for each corporate partner.

Each corporate partner is entitled to only a pro rata share of the credit based on the corporate partner's ownership interest in the partnership. The total of the credit allowed to all corporate partners may not exceed the amount that would have been allowed for a sole owner.

The partnership must furnish each corporate partner with a copy of all of the following documents:

1) Pages 1 and 2 of Form 335;
2) Supplementary schedules to Part 1, if applicable; and
3) A copy of the school tuition organization's preapproved application(s).

Each corporate partner would then complete Part 3, if applicable, and Part 4 of Form 335.

NOTE: *An S corporation that elects to pass the credit through to its exempt organization shareholders should complete Part 2 separately for each exempt organization shareholder and include a statement with Form 335, signed by a signatory to Arizona Form 120S, that states: The S corporation has made an irrevocable election for the taxable year ending (MM/DD/YYYY) to pass the credit for corporate contributions to school tuition organizations as shown on Form 335, Part 1, line 11, column (c) through to its exempt organization shareholders. Each exempt organization shareholder would then complete Part 3, if applicable, and Part 4 of Form 335.*

Part 3 - Available Credit Carryover

Use Part 3 to figure your total available credit carryover from prior taxable years. Complete lines 15 through 20, columns (a) through (d), if you claimed the credit on a prior year's return and the credit exceeded your tax liability.

Enter the taxable year(s) from which you are carrying over the credit in column (a) on lines 15 through 19. In column (b), enter the credit originally computed for that taxable year. In column (c), enter the amount of the credit from that taxable year which you have already used. Subtract the amount in column (c) from the amount in column (b) and enter the difference in column (d). Add the amounts entered on lines 15 through 19 in column (d). Enter the total on line 20, column (d). This is the total credit carryover available for the current taxable year.

Part 4 - Total Available Credit

Line 21 -

Enter the current year's credit.

Corporations, exempt organizations with UBTI, and S corporations - enter the amount from Part 1, line 11, column (c).

Corporate partners of a partnership and exempt organizations that are shareholders of an S corporation - enter the amount from Part 2, line 14.

Line 22 -

Enter the available credit carryover from prior years from Part 3, line 20, column (d).

Line 23 -

Add line 21 and line 22 and enter the total on line 23, and on Form 300, Part 1, line 14, column (c).

Arizona Form **336**

Credit for Solar Energy Devices – Commercial and Industrial Applications

2014

All taxpayers: Include with your return. Exempt organizations: See instructions.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Your Name as shown on Form 140, 140NR, 140PY, 140X, 99, 99T, 120, 120A, 120S, 120X, 165	Your Social Security or Employer Identification Number
Spouse's Name as shown on Form 140, 140NR, 140PY, 140X (if a joint return)	Spouse's Social Security Number

Part 1 Eligibility

		YES	NO
1 Has the taxpayer made an application with the Arizona Commerce Authority and received an initial certification of the solar energy project?	1	☐	☐
2 After the installation of the solar energy device was complete, did the taxpayer receive a Credit Certificate from the Arizona Commerce Authority?	2	☐	☐

If the answer to either question 1 or question 2 is "No", you do not qualify for this credit. In this case, do not complete Form 336.

Part 2 Credit Computation for Installing Qualifying Devices

3 Enter the total number of devices installed during the taxable year for which the taxpayer is claiming a credit	3	
4 Enter the total number of buildings on which the taxpayer installed solar energy devices	4	

	(a) BUILDING 1	(b) BUILDING 2	(c) BUILDING 3
5 Address of the building on which the device was installed			
6 Arizona Commerce Authority Credit Certificate Number for the device			

		BUILDING 1	BUILDING 2	BUILDING 3
7 Enter the installed cost of the device	7	$ 00	$ 00	$ 00
8 Credit Factor	8	10%	10%	10%
9 Multiply the amount on line 7 by the percentage on line 8, and enter the result	9	$ 00	$ 00	$ 00
10 Maximum Credit Per Building	10	$ 25,000.00	$ 25,000.00	$ 25,000.00
11 In columns (a) through (c), enter the smaller of the amount on line 9, or the amount on line 10	11	$ 00	$ 00	$ 00

12 Add the amounts on line 11 in each column and enter the total	12	00
13 Enter the total from continuation sheets, if applicable	13	00
14 Add the amount on line 12 to the amount on line 13. Enter the total	14	00
15 Maximum allowable credit	15	$ 50,000.00
16 Enter the smaller of line 14 or line 15	16	00

Continued on page 2 ➔

Your Name (as shown on page 1)	Your Social Security or Employer Identification Number

Part 3 Allowable Credit Transferred to You as a Third Party

17	**Credit Limitation:** Subtract the amount on line 16 from the amount on line 15. If "zero" or less, skip Part 3	17	00
18	**Credits Transferred to You as a Third Party:** Enter the aggregate total, from Part 4, line 24, from all Forms 336 received from taxpayers that have transferred the credit to you as a third party	18	00
19	**Allowable Credit to You as a Third Party:** Enter the smaller of line 17 or line 18	19	00

Part 4 Taxpayer's Third Party Election

To be completed by all taxpayers that had the solar energy device installed.

20 The taxpayer has made an irrevocable election for the taxable year ending: M M D D Y Y Y Y
to (***check only one box***):

☐ Claim the credit for solar energy devices listed on Part 2.

-OR-

☐ Allow a third party to claim the credit for solar energy devices listed on Part 2.

Signature _____ Title _____ Date _____

If you had more than one device installed, and are transferring those credits to different third parties, please complete a separate Form 336 for each third party for which the election is made.

21 Name of third party: _____

22 Third Party's TIN: _____

23 Commerce Credit Certificate Number for the device for which you are transferring the credit: _____

24	Amount of credit to be transferred to third party for the device noted on line 23. This amount must equal the amount entered on Form 336, Part 2, line 11 for that particular device	24	00
25	If the credit is being transferred to only one third party, enter the amount on Part 4, line 24 here. If the credit is being transferred to more than one third party, enter the total transferred to all third parties here	25	00

Part 5 Current Year's Credit

26	**Credit Computed This Taxable Year:** Enter the amount from Part 2, line 16	26	00
27	**Allowable Credit Transferred to You as a Third Party:** Enter the amount from Part 3, line 19	27	00
28	**Subtotal:** Add the amount on line 26 to the amount on line 27. Enter the total	28	00
29	**Credit You Transferred to a Third Party:** Enter the amount from Part 4, line 25	29	00
30	**Current Year's Credit:** Subtract the amount on line 29 from the amount on line 28	30	00

Continued on page 3 ➔

Your Name (as shown on page 1)	Your Social Security or Employer Identification Number

Part 6 S Corporation Credit Election and Shareholder's Share of Credit

31 The S corporation has made an irrevocable election for the taxable year ending: M M D D Y Y Y Y
to (check only one box):

☐ Claim the credit for solar energy devices as shown on Part 5, line 30, for the taxable year mentioned above.

-OR-

☐ Pass the credit for solar energy devices as shown on Part 5, line 30, for the taxable year mentioned above through to its shareholders.

Signature _____ Title _____ Date _____

If passing the credit through to the shareholders, complete lines 32 through 34 separately for each shareholder.
Furnish each shareholder with a copy of the completed Form 336.

32 Name of shareholder: _____

33 Shareholder's TIN: _____

34 Shareholder's share of the amount shown on Part 5, line 30 ..... **34** _____ 00

Part 7 Partner's Share of Credit

Complete lines 35 through 37 separately for each partner.
Furnish each partner with a copy of the completed Form 336.

35 Name of partner: _____

36 Partner's TIN: _____

37 Partner's share of the amount on Part 5, line 30 ..... **37** _____ 00

Part 8 Available Credit Carryover

	(a) Taxable Year from which you are carrying a credit	(b) Original Credit Amount		(c) Amount Previously Used		(d) Available Carryover: Subtract column (c) from column (b).	
38	2009		00		00		00
39	2010		00		00		00
40	2011		00		00		00
41	2012		00		00		00
42	2013		00		00		00
43	TOTAL AVAILABLE CARRYOVER: Add lines 38 through 42, column (d)						00

Part 9 Total Available Credit

44 Individuals, corporations, S corporations, or exempt organizations with UBTI: Enter the amount from Part 5, line 30.
- S corporation shareholders: Enter the amount from Part 6, line 34.
- Partners of a partnership: Enter the amount from Part 7, line 37 ..... **44** _____ 00

Individuals: Also enter this amount on Arizona Form 301, Part 1, line 20, column (a).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Arizona Form 300, Part 1, line 15, column (a).

45 Available credit carryover from Part 8, line 43, column (d) ..... **45** _____ 00
Individuals: Also enter this amount on Arizona Form 301, Part 1, line 20, column (b).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Arizona Form 300, Part 1, line 15, column (b).

46 Total Available Credit: Add lines 44 and 45 and enter the total ..... **46** _____ 00
Individuals: Also enter the amount from Part 9, line 46 on Arizona Form 301, Part 1, line 20, column (c).
Corporations, including S corporations, and exempt organizations with UBTI that are claiming the credit: Also enter the amount from Part 9, line 46 on Arizona Form 300, Part 1, line 15, column (c).

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2014 Credit for Solar Energy Devices - Commercial and Industrial Applications

Arizona Form 336

CONTACTS FOR COMMERCIAL AND INDUSTRIAL SOLAR ENERGY TAX CREDIT PROGRAM

Arizona Commerce Authority (ACA)

•Application forms •Program guidelines

Website: **www.azcommerce.com**

Program Manager: (602) 845-1200

Arizona Department of Revenue

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

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Income Tax Procedures and Rulings

These instructions may refer to the department's income tax procedures and rulings for more information. To view or print these, go to our website and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

Publications and Brochures

To view or print the department's publications and brochures, go to our website and click on *Publications*.

General Instructions

For taxable years beginning on or after January 1, 2006 through December 31, 2018, Arizona law provides a solar energy credit for a taxpayer that installs one or more solar energy devices for commercial, industrial, or any other nonresidential application in the taxpayer's facility located in Arizona.

The solar energy credit is 10% of the cost of the installed device. The credit cannot exceed $25,000 with respect to the same building in the same tax year, or $50,000 in total credits in any given tax year.

If the allowable tax credit is more than the tax, the taxpayer may carry the unused credit forward for up to the next 5 consecutive tax years.

Who May Claim This Credit

This credit is available to individuals, corporations and S corporations. A partnership may pass the credit through to its partners. An S corporation may pass the credit through to its shareholders.

This credit is also available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate UBTI.

The taxpayer, including a tax exempt organization that would otherwise qualify for the credit, may elect to transfer the credit to the third party that financed, installed, or manufactured the solar energy device. All taxpayers, including a tax exempt organization that elects to transfer the credit to a third party, must complete Arizona Form 336 to make this election.

Tax Exempt Organizations

A tax exempt organization, filing only Form 99, and that is transferring this credit to a third party must complete Parts 1, 2 and 4 of Form 336. The tax exempt organization must furnish each taxpayer, to whom it transfers a credit, a completed copy of Form 336 (Parts 1 through 4, only). The exempt organization must mail a copy of the completed Form 336 to:

Arizona Department of Revenue
Office of Economic Research and Analysis
PO Box 29099
Phoenix, AZ 85038-9099

Note: *An exempt organization must mail a copy of the completed Form 336 to the above address regardless of whether the organization is required to file Arizona Form 99.*

A tax exempt organization with UBTI, and filing Arizona Form 99T, should do the following.

- Whether or not the credit is claimed by the exempt organization with UBTI, or is transferred by the exempt organization with UBTI to a third party, include the completed Form 336 with the Form 99T, when filed.
- Mail a copy of the completed Form 336 to:

  Arizona Department of Revenue
  Office of Economic Research and Analysis
  PO Box 29099
  Phoenix, AZ 85038-9099

Credit Eligibility

To be eligible for this credit, the Arizona Commerce Authority (ACA) must have issued the taxpayer a Credit Certificate that includes an identifying number. To obtain a Credit Certificate, the taxpayer must follow the procedures outlined by the ACA. These procedures include the requirement that the taxpayer file an application with the ACA so that the ACA can determine whether the project meets the criteria for the purpose of this tax credit.

Once the ACA determines that the project meets the criteria, the ACA will issue an initial certification of the project. To receive a Credit Certificate, the taxpayer must file additional information to the ACA once the installation is complete. For more information on how to make an application for this credit with the ACA, visit www.azcommerce.com.

NOTE: *A taxpayer cannot claim this credit without a Credit Certificate issued from the ACA.*

Solar Energy Devices

For the purpose of this credit, a solar energy device means a system or series of mechanisms designed primarily to:

- provide heating;
- provide cooling;
- produce electrical power;
- produce mechanical power;
- provide solar day lighting; or
- provide any combination of the foregoing by means of collecting and transferring solar generated energy into such uses either by active or passive means, including wind generator systems that produce electricity.

Solar energy systems may also have the capability of storing solar energy for future use. Passive systems shall clearly be designed as a solar energy device, such as a trombe wall, and not merely as a part of a normal structure, such as a window. The person who sells or installs the solar energy device must furnish the taxpayer with an accounting of the cost.

Line-by-Line Instructions

Enter the names and taxpayer identification numbers (TIN) as shown on Arizona Form 99, 99T, 140, 140NR, 140PY, 140X, 120, 120A, 120S, 120X, or 165. If the taxpayer is an exempt organization that is not required to file Arizona Form 99, enter the organization's name and employer identification number (EIN). Fiscal year basis taxpayers must indicate the period covered by the taxable year. Include the completed form with the tax return. Exempt organizations must file this form as noted under the heading titled "Tax Exempt Organizations."

All returns, statements, and other documents filed with the Department of Revenue (Department) require a TIN. The TIN is either a correct SSN or, for a business, the EIN. Paid tax preparers must also include their TIN on forms where requested. Paid preparers who fail to include their TIN may be subject to a penalty.

Please check the return to be sure that all required identification numbers are accurate and written clearly. Missing, incorrect, or unclear identification numbers may cause delays in processing.

Part 1 - Eligibility

Lines 1 and 2 -

Answer questions 1 and 2. If you answer "NO" to either question 1 or question 2, **STOP,** you do not qualify for this credit. In this case, do not complete Form 336.

Part 2 - Credit Computation for Installing Qualifying Devices

Lines 3 through 16 -

Use lines 3 through 16 to figure your credit for installing one or more solar energy devices for commercial, industrial, or nonresidential purposes on your business property located in Arizona.

If you have installed more than one device on the same building during the same taxable year, complete your own separate schedule for each device installed on that building. The separate schedules should show the information required on lines 5 through 9 for a single device.

Enter the aggregate amount for all devices installed on the same building in the column designated for that building. When you file your return, include your separate schedules and Form 336 with your return. Exempt organizations must file this form as noted under the heading titled "Tax Exempt Organizations."

If you have installed devices on more than three buildings, complete an additional schedule. The additional schedule should show the same information that is shown on the form for the first three buildings.

Complete lines 3 through 16 as instructed on the form.

Part 3 - Allowable Credit Transferred to You as a Third Party

Lines 17 through 19 -

Use lines 17 through 19 to claim a credit if you are the third party to which the taxpayer transferred the credit.

The credit may be transferred to you as a third party only if you financed, installed or manufactured the solar energy device.

Line 17 - Credit Limitation

The total credit allowed in any given tax year cannot exceed $50,000. Line 17 limits the amount of credit allowed to be claimed in both Part 2 and Part 3 to the $50,000 maximum. Complete Line 17 as instructed on the form.

Line 18 - Credits Transferred to You as a Third Party

Enter the amount from Form 336, Part 4, line 24 received from the taxpayer otherwise eligible for the credit. If more than one taxpayer has transferred a credit to you as the third party, enter the aggregate amount from Part 4, line 24 from all Forms 336 received from the transferors.

NOTE: *If claiming the credit as a third party, you must include a copy of the Form 336 from which the credit was transferred. If you are claiming a credit from more than one taxpayer, include all Forms 336 from which the credits were transferred.*

Line 19 - Allowable Credit to Third Party

Enter the smaller of line 17 or line 18. This is the amount of credit allowable to you as a third party.

Part 4 - Taxpayer's Third Party Election

Lines 20 through 25 -

All taxpayers claiming the credit must complete Part 4. The taxpayer must make an irrevocable election either to claim the credit or to transfer the credit to a third party. The credit may be transferred to a third party that financed, installed or manufactured the solar energy device.

If a taxpayer makes the election to transfer the credit to a third party, the taxpayer must transfer the entire credit allowable for that device to the third party. The taxpayer may not use a portion of the credit and also allow the third party to use a portion of the credit. However, if the taxpayer has installed more than one device, the taxpayer may claim the credit for one device and transfer the credit for the second device to a third party.

The taxpayer must sign the election statement. In the case of a corporation, the election must be signed by one of the officers of the corporation who is also a signatory to the Arizona Form 120, Form 120A or Form 120S. In the case of a partnership, the election must be signed by a partner who is also a signatory to the Arizona Form 165. In the case of a tax exempt organization, the election must be signed by an officer of the organization.

If you have credits for multiple devices that you are transferring to more than one third party, complete a separate Form 336 for each third party to which you are transferring a credit.

On line 25, enter the total amount of the credit transferred to all third party organizations. If you are transferring the credit to only one third party organization, enter the amount from line 24 on line 25.

NOTE: *If you are not transferring any credit to a third party, enter zero on both lines 24 and 25.*

The taxpayer must furnish each third party with a copy of the completed Form 336. The third party will use the information from Part 4, line 24 to complete its own Form 336 to claim the credit.

Part 5 - Current Year's Credit

Lines 26 through 30 -

Use lines 26 through 30 to figure the current year's credit. Complete lines 26 through 30 as instructed on the form.

Part 6 - S Corporation Credit Election and Shareholder's Share of Credit

Lines 31 through 34 -

The S corporation must complete Form 336, Parts 1 through 5. Then the S corporation must also complete Part 6 of Form 336 in order for the S corporation or its shareholders to claim this credit. The S corporation must make an irrevocable election either to claim the credit or to pass the credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to the Arizona Form 120S.

If the S corporation elects to pass the credit through to its shareholders, it must complete lines 32 through 34 separately for each shareholder. Each shareholder may claim only a pro rata share of the credit based on the shareholder's ownership interest in the S corporation. The S corporation must furnish each shareholder with a copy of the completed Form 336.

Each shareholder must complete Parts 8 and 9.

Part 7 - Partner's Share of Credit

Lines 35 through 37 -

Partnerships must complete Form 336, Parts 1 through 5. Then complete Part 7, lines 35 through 37, separately for each partner. Each partner may claim only a pro rata share of the credit based on the partner's ownership interest in the partnership. The partnership must furnish each partner with a copy of the completed Form 336.

Each partner must complete Parts 8 and 9.

Part 8 - Available Credit Carryover

Lines 38 through 43 -

Use Part 8 to figure your total available credit carryover. Use lines 38 through 43 to figure your credit carryover from 2009, 2010, 2011, 2012 and/or 2013 if the credit claimed on your 2009, 2010, 2011, 2012 and/or 2013 return was more than your tax.

- In column (b), enter the credit originally computed for the taxable year.
- In column (c), enter the amount of the credit from that taxable year which you have already used.
- In column (d), subtract the amount in column (c) from the amount in column (b) and enter the difference.
- Add the amounts entered on lines 38 through 42 in column (d).

Enter the total on line 43, column (d).

Part 9 - Total Available Credit

Lines 44 through 46 -

Use lines 44 through 46 to figure your total available credit. Complete lines 44 through 46 as instructed on the form.

Corporations, S corporations, and exempt organizations with UBTI claiming the credit; also enter the total available credit from Form 336, Part 9, line 46, on Arizona Form 300, Part 1, line 15, column (c).

Individuals; also enter the total available credit from Form 336, Part 9, line 46, on Arizona Form 301, Part 1, line 20, column (c).

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Arizona Form **337**

Credit for Water Conservation System Plumbing Stub Outs

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Name as shown on Form 120, 120A, 120S, or 120X	Employer Identification Number

Available Credit Carryover

	(a) Taxable Year	(b) Original Credit Amount		(c) Amount Previously Used		(d) Available Carryover: Subtract column (c) from column (b).	
1			00		00		00
2			00		00		00
3			00		00		00
4	TOTAL AVAILABLE CARRYOVER: Add lines 1 through 3 in column (d). Enter the total here and on Form 300, Part 1, line 16, column (b)				4		00

Instructions

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

Phoenix..... (602) 255-3381
From area codes 520 and 928, toll-free ..... (800) 352-4090

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

General Instructions

Arizona Revised Statutes § 43-1182 previously provided a nonrefundable corporate income tax credit for the installation of a water conservation system plumbing stub out in each house or dwelling unit constructed by the taxpayer. The houses or dwelling units must be located in Arizona.

The tax credit applied to taxable years beginning from and after December 31, 2006 and ending before January 1, 2012.

NOTE: Calendar year 2011 was the last year to establish a credit for water conservation system plumbing stub outs. Taxpayers with a fiscal year ending in 2012 did not qualify to establish a credit for 2011. Carryovers will be allowed for not more than five consecutive taxable years.

If the allowable tax credit exceeded the taxes otherwise due, or if there are no taxes due, the amount of the credit not used to offset taxes may be carried forward for not more than five consecutive taxable years as a credit against subsequent years' income tax liability.

Specific Instructions

Complete the name and employer identification number section at the top of the form. Indicate the period covered by the taxable year. Include the completed form with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation or an S corporation is the taxpayer's employer identification number. A taxpayer that fails to include its TIN may be subject to a penalty.

Available Credit Carryover

Complete Form 337 only if the allowable credit for prior taxable years exceeded the Arizona income tax liability for those taxable years.

Each corporate partner must complete Form 337 for the computation of the available carryover of the credit passed through by the partnership.

Lines 1 through 4

Enter the taxable year(s) from which you are carrying over the credit in column (a) on lines 1 through 3. In column (b), enter the credit originally computed for that taxable year. In column (c), enter the amount of the credit from that taxable year which you have already used. Subtract the amount in column (c) from the amount in column (b) and enter the difference in column (d). Add the amounts entered on lines 1 through 3 in column (d). Enter the total on line 4, column (d). This is the total credit carryover available for the current taxable year.

Enter the amount on line 4, column (d) on Form 300, Part 1, line 16, column (b). This is the total available credit which may be applied to the current taxable year's corporate income tax liability.

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Arizona Form **338**

Credit for Investment in Qualified Small Businesses

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Your Name as shown on Form 140, 140PY, 140NR, 140X, 120S or 165	Your Social Security or Employer Identification Number
Spouse's Name as shown on Form 140, 140PY, 140NR, 140X (if a joint return)	Spouse's Social Security Number

NOTE: For the year in which the credit is available, you must file your return claiming the credit by the original due date or the extended due date of your return. If you fail to claim this credit for the taxable year on a timely filed return, the credit for that taxable year expires and no carryover will be allowed.

Part 1 Current Year's Credit

1 Amount of credit for taxable year 2014 shown on the Arizona Commerce Authority's Authorization of Tax Credits ..... **1** ____ 00

To be eligible for the credit, you must include a copy of the Arizona Commerce Authority's Authorization of Tax Credits with your return.

Part 2 S Corporation: Individual Shareholder's Share of Credit

Complete lines 2 through 4 separately for each individual shareholder.
Furnish each individual shareholder with a copy of the completed Form 338.

2 Name of individual shareholder: _____

3 Individual shareholder's SSN: _____

4 Individual shareholder's share of the amount on Part 1, line 1 ..... **4** ____ 00

Part 3 Partnership: Individual Partner's Share of Credit

Complete lines 5 through 7 separately for each individual partner.
Furnish each individual partner with a copy of the completed Form 338.

5 Name of individual partner: _____

6 Individual partner's SSN: _____

7 Individual partner's share of the amount on Part 1, line 1 ..... **7** ____ 00

Part 4 Available Credit Carryover

	(a) Taxable Year from which you are carrying the credit	(b) Original Credit Amount	(c) Amount Previously Used	(d) Available Carryover: Subtract column (c) from column (b).
8	2011	00	00	00
9	2012	00	00	00
10	2013	00	00	00
11	TOTAL AVAILABLE CARRYOVER: Add lines 8 through 10, column (d)			00

Part 5 Total Available Credit

12 Current year's credit: Enter the amount from Part 1, line 1 ..... **12** ____ 00

- Individual S corporation shareholders, enter the amount from Part 2, line 4.
- Individual partners in a partnership, enter the amount from Part 3, line 7

Enter this amount on Arizona Form 301, Part 1, line 21, column (a).

13 Available credit carryover from Part 4, line 11, column (d) ..... **13** ____ 00

Enter this amount on Arizona Form 301, Part 1, line 21, column (b).

14 Total Available Credit: Add line 12 and line 13 ..... **14** ____ 00

Enter this amount on Arizona Form 301, Part 1, line 21, column (c).

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2014 Credit for Investment in Qualified Small Businesses

Arizona Form 338

CONTACTS FOR QUALIFIED SMALL BUSINESS CAPITAL INVESTMENT TAX CREDIT PROGRAM

Arizona Commerce Authority (ACA)

•Application forms •Program guidelines

Website: **www.azcommerce.com**

Program Manager: (602) 845-1200

Arizona Department of Revenue

For information or help, call one of the numbers listed:

Phoenix	(602) 255-3381
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Publications and Brochures

To view or print the department's publications and brochures, go to our website and click on *Publications*.

General Instructions

For taxable years beginning from and after December 31, 2006 through December 31, 2024, Arizona law allows a credit for investments made in qualified small businesses.

The amount of the credit is the amount determined and authorized by the Arizona Commerce Authority (ACA).

To claim this credit, you must include a copy of the ACA's *Authorization of Tax Credits* with your income tax return.

You must claim the credit on a timely filed return filed for the tax year in which the credit is available. A timely filed return is a return that you file by the return's original or extended due date. If you fail to timely file a return claiming the credit for a taxable year, the credit expires for that taxable year and there is no carryforward of the expired credit.

If the allowable tax credit is more than your tax liability or if you have no tax liability, you may carry the unused credit forward for up to the next three consecutive tax years.

This credit is available to individuals only. A corporation, including an S corporation, may not claim this credit. However, an S corporation may pass the credit through to its individual shareholders.

A partnership may pass the credit through to its individual partners. The total of the credits allowed all such owners may not exceed the amount that would have been allowed a sole owner.

The basis of any investment with respect to which you claim a credit must be reduced by the amount of the credit claimed with respect to the investment.

Qualified Small Business Capital Investment Program

The ACA administers the Qualified Small Business Capital Investment program. The ACA cannot allocate tax credits exceeding $20 million during the life of the program. Tax credits are authorized on a first come, first served basis. Income tax credits are equal to 30% or 35% of the investment amount and are claimed over a three year period.

To seek a tax credit under this program, you must submit an application for an *Authorization of Tax Credits* to the ACA. To obtain an *Authorization of Tax Credits*, you must document that each investment and the small business meet the eligibility requirements. The ACA will issue an *Authorization of Tax Credits* after determining eligibility of the investor. For more information about this credit, visit the ACA's web site at: www.azcommerce.com.

Line-by-Line Instructions

Enter the names and taxpayer identification numbers (TIN) as shown on Arizona Form 140, 140PY, 140NR, 140X, 120S or 165. Fiscal year basis taxpayers must indicate the period covered by the taxable year. Include the completed form with the tax return.

All returns, statements, and other documents filed with the Department of Revenue require a TIN. The TIN is either a correct social security number (SSN) or an Internal Revenue Service individual taxpayer identification number (ITIN), or for a business, the employer identification number (EIN). Taxpayers who fail to include a TIN may be subject to a penalty. Be sure that all required identification numbers are written clearly. Missing, incorrect, or unclear identification numbers may cause delays in processing.

Part 1 – Current Year's Credit

Line 1

Enter the amount of credit shown for the taxable year on the ACA's *Authorization of Tax Credits*. On line 1, enter only the credit available for the current taxable year. You must include a copy of each ACA's *Authorization of Tax Credits* with Form 338 when you file.

Part 2 - S Corporation: Individual Shareholder's Share of Credit

Lines 2 through 4 -

An S corporation cannot claim this credit, but it may pass the credit through to its individual shareholders. An S corporation passing the credit through to its individual shareholders must complete lines 2 through 4.

An S corporation must complete Part 1, line 1 of Form 338. Then, complete lines 2 through 4 separately for each individual shareholder. Each individual shareholder may claim only a pro rata share of the credit based on the shareholder's ownership interest in the S corporation. The S corporation must furnish each individual shareholder with a copy of the completed Form 338 **and** a copy of the ACA's *Authorization of Tax Credits*.

Each shareholder must complete Part 4 and Part 5.

Part 3 - Partnership: Individual Partner's Share of Credit

Lines 5 through 7 -

A partnership must complete Part 1, line 1 of Form 338. Then, complete lines 5 through 7 separately for each individual partner. Each individual partner may claim only a pro rata share of the credit based on the partner's ownership interest in the partnership. The partnership must furnish each individual partner with a copy of the completed Form 338 **and** a copy of the ACA's *Authorization of Tax Credits*.

Each partner must complete Part 4 and Part 5.

Part 4 - Available Credit Carryover

Lines 8 through 11 -

Use Part 4 to figure your total available credit carryover from taxable years 2011 through 2013. Complete lines 8 through 11 if you claimed the credit on a 2011, 2012 and/or 2013 return and the credit was more than your tax liability.

- In column (b), enter the credit originally computed for the taxable year listed in column (a).
- In column (c), enter the amount of the credit from that taxable year which you have already used.
- In column (d), subtract the amount in column (c) from the amount in column (b) and enter the difference.
- Add the amounts on lines 8 through 10 in column (d).

Enter the total on line 11, column (d).

Part 5 - Total Available Credit

Line 12 - Current Year's Credit

If you are the investor, enter the amount from Part 1, line 1. If you are receiving the credit as an S corporation shareholder, enter the amount from Part 2, line 4. If you are receiving the credit as an individual partner in a partnership, enter the amount from Part 3, line 7.

Line 13 - Available Credit Carryover

Enter the amount from Part 4, line 11, column (d).

Line 14 - Total Available Credit

Add the amounts on line 12 and line 13. Enter the total here and on Arizona Form 301, Part 1, line 21, column (c).

Arizona Form 339	Credit for Water Conservation Systems	2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Your Name as shown on Form 140, 140PY, 140NR or 140X	Your Social Security Number
Spouse's Name as shown on Form 140, 140PY, 140NR or 140X (if a joint return)	Spouse's Social Security Number

- For calendar year filers, tax year 2011 was the last year to establish a new credit for a water conservation system.
- Fiscal year filers with an ending date after December 31, 2011 cannot establish a new credit.
- Carryovers will be allowed for no more than five taxable years.

Total Available Credit (Carryover)

	(a) Taxable Year from which you are carrying the credit	(b) Original Credit Amount		(c) Amount Previously Used		(d) Available Carryover: Subtract column (c) from column (b).	
1	2009		00		00		00
2	2010		00		00		00
3	2011		00		00		00
4	TOTAL AVAILABLE CARRYOVER: Add lines 1 through 3 in column (d). Enter the total on line 4 column (d) *and* on Arizona Form 301, Part 1, line 22, column (b).						00

2014 Credit for Water Conservation Systems

Arizona Form 339

Phone Numbers

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 and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

Publications and Brochures

To view or print the department's publications and brochures, go to our website and click on *Publications*.

General Instructions

NOTE: *For calendar year filers, tax year 2011 was the last year to establish a new credit for a water conservation system. Fiscal year filers, with an ending date after December 31, 2011, cannot establish a new credit.*

Carryovers will be allowed for no more than five taxable years.

If the allowable tax credit was more than your tax or if you had no tax, the unused credit may be carried forward for up to the next five consecutive tax years.

Line-by-Line Instructions

Enter the name(s) and taxpayer SSN(s) as shown on Arizona Form 140, 140PY, 140NR or 140X. Fiscal year basis taxpayers must indicate the period covered by the taxable year. Include the completed form with the tax return.

Total Available Credit (Carryover)

Lines 1 through 4 -

Use the schedule to figure your total available credit carryover from taxable years 2009 through 2011. Complete lines 1 through 4 if you claimed the credit on a prior year return and the credit was more than your tax.

- In column (b), enter the credit originally computed for the taxable year listed in column (a).
- In column (c), enter the amount of the credit from that taxable year which you have already used.
- In column (d), subtract the amount in column (c) from the amount in column (b) and enter the difference.
- Add the amounts on lines 1 through 3 in column (d).

Enter the total from column (d) on line 4.

This is your total available credit. Enter the total from line 4 on Arizona Form 301, Part 1, line 22, column (b).

Arizona Form 340	Credit for Donations to the Military Family Relief Fund	2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Your Name as shown on Form 140, 140NR, 140PY or 140X	Your Social Security Number
Spouse's Name as shown on Form 140, 140NR, 140PY or 140X (if a joint return)	Spouse's Social Security Number

1 Did you receive a receipt from the Arizona Department of Veterans' Services that indicates that your contribution qualifies for this credit? ..... **1** YES ☐ NO ☐

If you answered "No," STOP! You do not qualify for this credit.

2	Total qualified donations made to the Military Family Relief Fund during 2014	**2**	00
3	Single taxpayers or heads of household, enter $200 here. Married taxpayers enter $400 here.....	**3**	00
4	Current year's credit before tax: Enter the smaller of line 2 or line 3. In most cases, if you are married filing a separate return, enter one-half (½) of the smaller of line 2 or line 3. See instructions for line 4. Also enter this amount on Arizona Form 301, Part 1, line 23, column (a)	**4**	00

2014 Credit for Donations to the Military Family Relief Fund

Arizona Form 340

Phone Numbers

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 and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

Publications and Brochures

To view or print the department's publications and brochures, go to our website and click on *Publications*.

For more information about the Military Family Relief Fund, visit the Arizona Department of Veterans' Services (ADVS) website at www.azdvs.gov.

General Instructions

For taxable years 2008 through 2018, Arizona law allows a credit for cash donations made to the Military Family Relief Fund. If your donation qualifies for the credit, your credit will be the smaller of 1 through 4 below.

1. The amount you donated to the fund during the taxable year.
2. If you are a single taxpayer or a head of household, $200.
3. If you are married filing a joint return, $400. If you are filing separate returns you each may claim only 1/2 of the credit that would have been allowed on a joint return (up to a maximum of $200 each).
4. Your tax liability for the taxable year.

There is no carry forward for this credit. You must claim and use this credit on the tax return filed for the taxable year for which you made your donation.

This credit is available only to individuals. Corporations may not claim this credit. A partnership may not pass the credit through to its partners. An S corporation may not pass the credit through to its shareholders.

You cannot claim both a tax credit and an itemized deduction for your donation.

Before you claim this credit, you must have received a receipt from the ADVS. Your receipt must show **all** of the following:

- Your full name and address.
- The last four digits of your social security number.
- The amount you donated.
- Your donation qualifies for the credit.

Military Family Relief Fund

The ADVS administers the Military Family Relief Fund. The fund helps service members and their families faced with unforeseen expenses when a loved one becomes a casualty of war. Your donations to the fund may qualify for this income tax credit. Donations to the fund will qualify for the credit if the total amount donated to the fund during the calendar year has not exceeded one million dollars.

Donations made to the fund once the total donations for the calendar year reach one million dollars will not qualify for the credit. The determination of whether a donation will qualify for the credit is made on a first come, first served basis.

The ADVS will provide you with a receipt that will let you know if your donation qualifies for the credit. The ADVS will also send a copy of that receipt to the Arizona Department of Revenue.

Line-by-Line Instructions

Line 1 -

To claim this credit, you must have received a receipt from the ADVS that indicates that your donation qualifies for the credit. Answer the question on line 1.

- If your answer to this question is "No", STOP, you do not qualify for the credit.
- If your answer to this question is "Yes", complete lines 2 through 4.

Line 2 -

Enter the amount of qualified donations that you made to the Military Family Relief Fund during the taxable year. To be a qualified donation, the ADVS must have issued you a receipt that shows that the donation qualifies for the credit.

Line 3 -

Single taxpayers and taxpayers filing as head of household, enter $200. Married taxpayers enter $400.

Line 4 -

Enter the smaller of line 2 or line 3. If you are married filing a separate return, enter 1/2 of the smaller of line 2 or line 3. If you are filing separate returns you each may claim only 1/2 of the credit that would have been allowed on a joint return (up to a maximum of $200 each).

Also, enter this amount on Arizona Form 301, Part 1, line 23, column (a).

Arizona Form **341**

Credit for Corporate Contributions to School Tuition Organizations for Displaced Students or Students With Disabilities

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Name as shown on Form 99T, 120, 120A, 120S, 120X or 165	Employer Identification Number

Part 1 Current Taxable Year's Credit Calculation

	(a) School Tuition Organization Name and Address	(b) Credit Approval Number	(c) Contribution Amount	
1				00
2				00
3				00
4				00
5				00
6				00
7				00
8				00
9				00
10				00
11	TOTAL CURRENT YEAR'S CREDIT: Add lines 1 through 10 11			00

Continued on page 2 ➔

Name (as shown on page 1)	EIN

Part 2 Corporate Partner's Share of Credit

Complete lines 12 through 14 separately for each corporate partner. Furnish each corporate partner with a copy of pages 1 and 2 of Form 341.

12 Name of corporate partner: _____

13 Corporate partner's TIN: _____

14 Corporate partner's share of the amount on Part 1, line 11, column (c) ..... **14** _____ 00

Part 3 Available Credit Carryover

	(a) Taxable Year	(b) Original Credit Amount	(c) Amount Previously Used	(d) Available Carryover: Subtract column (c) from column (b).
15		00	00	00
16		00	00	00
17		00	00	00
18		00	00	00
19		00	00	00

20 TOTAL AVAILABLE CARRYOVER: Add lines 15 through 19 in column (d) ..... **20** _____ 00

Part 4 Total Available Credit

21 Current year's credit:

- Corporations, exempt organizations with UBTI, and S corporations: Enter the amount from Part 1, line 11, column (c).
- Corporate partners of a partnership: Enter the amount from Part 2, line 14 ..... **21** _____ 00

Also enter this amount on Form 300, line 17, column (a).

22 Available credit carryover from Part 3, line 20, column (d) ..... **22** _____ 00

Also enter this amount on Form 300, line 17, column (b).

23 **Total available credit:** Add lines 21 and 22 ..... **23** _____ 00

Also enter this amount on Form 300, Part 1, line 17, column (c).

2014 Credit for Corporate Contributions to School Tuition Organizations for Displaced Students or Students With Disabilities

Arizona Form 341

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

Phoenix	(602) 255-3381
From area codes 520 and 928, toll-free	(800) 352-4090

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

General Instructions

Arizona Revised Statutes (A.R.S.) § 43-1184 provides a nonrefundable corporate income tax credit for contributions made to a school tuition organization that provides scholarships or grants to displaced students or students with disabilities. The school tuition organization must be certified pursuant to Chapter 15 of Title 43 at the time of donation.

Contributions designated as being for the direct benefit of any specific student will not qualify for the credit. This credit is in lieu of any deduction taken under Internal Revenue Code § 170 for state tax purposes.

The tax credit is equal to the amount the department has preapproved, if the taxpayer has made that amount of contribution to the school tuition organization within twenty days of when the school tuition organization notified the taxpayer of the preapproval.

The amount of total credits the Arizona Department of Revenue may allow cannot exceed $5 million in any fiscal year. The state's fiscal year begins on July 1, and ends on June 30 of the following year.

The tax credit is available only to corporate taxpayers. A partnership may pass this credit through only to its corporate partners, each of which may claim a pro rata share of the credit based on ownership interest. An S corporation may claim this credit against income Arizona is taxing at the corporate level, or the S corporation may elect to pass this credit through to only its exempt organization shareholders, each of which may claim a pro rata share of the credit based on ownership interest.

The credit is available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate UBTI.

Co-owners of a business, including corporate partners of a partnership or exempt organization shareholders of an S corporation, may each claim only the pro rata share of the credit allowed based on the ownership interest. The pro rata share that would be distributed to non-eligible partners or shareholders is lost. The total of the credits allowed all such owners may not exceed the amount that would have been allowed for a sole owner of the business.

If the allowable tax credit exceeds the taxes otherwise due, or if there are no taxes due, the amount of the credit not used to offset taxes may be carried forward for not more than five consecutive taxable years as a credit against subsequent years' income tax liability.

A taxpayer shall not claim a credit for this credit and the credit provided under ARS § 43-1183, claimed on Arizona Form 335, with respect to the same contribution.

CREDIT PREAPPROVAL PROCEDURE

Before claiming the credit, obtain a copy of the school tuition organization's preapproved application. Include a copy of the preapproved application with Form 341. Failure to do so could result in a disallowance of this credit.

The department will preapprove the credits on a first-come, first-served basis. The preapproval process works as follows:

- Before making the contribution, the taxpayer notifies the school tuition organization of the intended amount.
- The school tuition organization requests preapproval from the Arizona Department of Revenue.
- The Arizona Department of Revenue preapproves or denies the request within twenty days after it has received the request, and notifies the school tuition organization.
- If the request is preapproved, the school tuition organization notifies the taxpayer immediately.
- The taxpayer must make the contribution within twenty days of receiving notice from the school tuition organization.

QUALIFIED SCHOOL TUITION ORGANIZATION REQUIREMENTS

The school tuition organization receiving contributions under this program must be certified pursuant to Chapter 15 of Title 43 at the time of donation.

For 2014, each educational scholarship or tuition grant is limited to the cost of tuition for a qualified student to attend the qualified school or 90% of the amount of state aid that otherwise would be computed for the student as provided in Title 15, Chapter 9, Article 5, whichever is less.

Specific Instructions

Complete the name and employer identification number section at the top of the form. Indicate the period covered by the taxable year. Include the completed form with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, an exempt organization with UBTI, an S corporation, or a partnership is the taxpayer's employer identification number. Taxpayers that fail to include their TIN may be subject to a penalty.

Part 1 - Current Taxable Year's Credit Calculation

List each school tuition organization's name, address, credit approval number, and approved contribution amount. If you made contributions to more than ten organizations, complete and attach additional schedules.

Add the amount of contributions made to all school tuition organizations listed on lines 1 through 10, and any additional schedule(s). Enter the total on line 11.

Part 2 - Corporate Partner's Share of Credit

Partnerships must complete Form 341, Part 1. The partnership must complete Part 2, lines 12 through 14, separately for each corporate partner.

Each corporate partner is entitled to only a pro rata share of the credit based on the corporate partner's ownership interest in the partnership. The total of the credit allowed to all corporate partners may not exceed the amount that would have been allowed for a sole owner.

The partnership must furnish each corporate partner with a copy of all of the following documents:

1) Pages 1 and 2 of Form 341;
2) Supplementary schedules to Part 1, if applicable; and
3) A copy of the school tuition organization's preapproved application(s).

Each corporate partner would then complete Part 3, if applicable, and Part 4 of Form 341.

NOTE: *An S corporation that elects to pass the credit through to its exempt organization shareholders should complete Part 2 separately for each exempt organization shareholder and include a statement with Form 341, signed by a signatory to Arizona Form 120S, that states: The S corporation has made an irrevocable election for the taxable year ending (MM/DD/YYYY) to pass the credit for corporate contributions to school tuition organizations for displaced students or students with disabilities as shown on Form 341, Part 1, line 11, column (c) through to its exempt organization shareholders. Each exempt organization shareholder would then complete Part 3, if applicable, and Part 4 of Form 341.*

Part 3 - Available Credit Carryover

Use Part 3 to figure your total available credit carryover from prior taxable years. Complete lines 15 through 20, columns (a) through (d), if you claimed the credit on a prior year's return and the credit exceeded your tax liability.

Enter the taxable year(s) from which you are carrying over the credit in column (a) on lines 15 through 19. In column (b), enter the credit originally computed for that taxable year. In column (c), enter the amount of the credit from that taxable year which you have already used. Subtract the amount in column (c) from the amount in column (b) and enter the difference in column (d). Add the amounts entered on lines 15 through 19 in column (d). Enter the total on line 20, column (d). This is the total credit carryover available for the current taxable year.

Part 4 - Total Available Credit

Line 21 -

Enter the current year's credit.

Corporations, exempt organizations with UBTI, and S corporations - enter the amount from Part 1, line 11, column (c).

Corporate partners of a partnership and exempt organizations that are shareholders of an S corporation - enter the amount from Part 2, line 14.

Line 22 -

Enter the available credit carryover from prior years from Part 3, line 20, column (d).

Line 23 -

Add the amounts on line 21 and line 22 and enter the total on line 23, and on Arizona Form 300, Part 1, line 17, column (c).

Arizona Form **342**

Credit for Renewable Energy Industry

2014

Include this completed form and the Certification of Qualification from the Arizona Commerce Authority with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Name as shown on Form 140, 140PY, 140NR, 140X, 99T, 120, 120A, 120S, 120X, or 165	Social Security or Employer Identification Number

Part 1 Listing of Post-Approved Renewable Energy Operations and Apportioned Credit Amount

List renewable energy operations for which you are entitled to claim a credit during this taxable year. If you have more than two operations, include additional schedules. See instructions.

	(a) Arizona Commerce Authority Post-Approval Information			(b) Apportioned Credit Amount	
	(a)1 Allocation Year	(a)2 Post-Approval Date	(a)3 Post-Approval Number		
1	YYYY	MM DD YYYY			00
2	YYYY	MM DD YYYY			00
3	Aggregate total from all additional schedules			3	00
4	TOTAL: Add lines 1 through 3			4	00

Part 2 Credit Recapture

5	Date on which the Certification of the business as a renewable energy industry was terminated or revoked	5	M M D D Y Y Y Y
6	Total recapture of apportioned credit for renewable energy industry: Full amount of credits previously claimed or passed through to S corporation shareholders or partners of a partnership. Enter the amounts from Part 1, column (b) on Form 342 for the tax years prior to the date on line 5. If more than one Certification has been terminated or revoked, enter the aggregate amount	6	00

Part 3 S Corporation Credit Election and Shareholder's Share of Credit and Credit Recapture

7 The S corporation has made an irrevocable election for the taxable year ending M M D D Y Y Y Y to **(check only one box)**:

☐ Claim the credit for renewable energy industry as shown on Part 1, line 4 (for the taxable year mentioned above);

OR

☐ Pass the credit for renewable energy industry as shown on Part 1, line 4 (for the taxable year mentioned above) through to its shareholders.

Signature _____ Title _____ Date _____

If passing the credit through to the shareholders, complete lines 8 through 10 separately for each shareholder. If passing credit recapture through to the shareholders, complete line 11 separately for each shareholder. Furnish each shareholder with a copy of the Certification from Commerce and pages 1 and 2 of Form 342.

8 Name of shareholder: _____

9 Shareholder's TIN: _____

10	Shareholder's share of the apportioned credit for renewable energy industry from Part 1, line 4	10	00
11	Shareholder's share of the credit recapture from Part 2, line 6	11	00

Continued on page 2 ➔

Name (as shown on page 1)	TIN

Part 4 Partner's Share of Credit and Credit Recapture

Complete lines 12 through 14 separately for each partner. If passing credit recapture through to the partners, complete line 15 separately for each partner. Furnish each partner with a copy of the Certification from Commerce and pages 1 and 2 of Form 342.

12 Name of partner: _____

13 Partner's TIN: _____

14 Partner's share of the apportioned credit for renewable energy industry from Part 1, line 4 ..... **14** _____ 00

15 Partner's share of the credit recapture from Part 2, line 6 ..... **15** _____ 00

Part 5 Credit Recapture Summary

16 Enter the taxable year(s) in which you took a credit for a business as a renewable energy industry whose Certification has been terminated or revoked:

_____

17 Enter the total amount of credit originally claimed on prior returns:
- Individuals, corporations, exempt organizations with UBTI, and S corporations: Enter the amount from Part 2, line 6.
- S corporation shareholders: Enter the amount from Part 3, line 11.
- Partners of a partnership: Enter the amount from Part 4, line 15 ..... **17** _____ 00

Corporations, exempt organizations with UBTI, and S corporations: Also enter this amount on Form 300, Part 2, line 28.
Individuals: Also enter this amount on Form 301, Part 2, line 35.

Part 6 Total Apportioned Credit Claimed This Taxable Year

18 Total apportioned credit for renewable energy industry:
- Individuals, corporations, exempt organizations with UBTI, or S corporations: Enter the amount from Part 1, line 4.
- S corporation shareholders: Enter the amount from Part 3, line 10.
- Partners of a partnership: Enter the amount from Part 4, line 14 ..... **18** _____ 00

Corporations: Also enter this amount on Form 120, line 22; or Form 120A, line 14; or Form 120X, line 22.
Exempt organizations with UBTI: Also enter this amount on Form 99T, line 12.
S corporations: Also enter this amount on Form 120S, line 18.
Individuals: Also enter this amount on Form 140, line 57; or Form 140NR, line 64; or Form 140PY, line 69; or Form 140X, line 40.

2014 Credit for Renewable Energy Industry

Arizona Form 342

CONTACTS FOR RENEWABLE ENERGY INDUSTRY TAX INCENTIVES PROGRAM	
Arizona Commerce Authority	
•Application forms •Program guidelines	
Website: **www.azcommerce.com**	
Program Manager	(602) 845-1200
Arizona Department of Revenue	
•Tax forms and instructions •Information and assistance	
Website: **www.azdor.gov**	
Taxpayer assistance	(602) 255-3381
From area codes 520 and 928, toll-free	(800) 352-4090

General Instructions

Arizona Revised Statutes (A.R.S.) §§ 43-1083.01 and 43-1164.01 provide refundable individual and corporate income tax credits for expanding or locating qualified renewable energy operations in this state. "Renewable energy operations" are limited to manufacturers of, and headquarters for, systems and components that are used or useful in manufacturing renewable energy equipment for the generation, storage, testing and research and development, transmission or distribution of electricity from renewable resources, including specialized crates necessary to package the renewable energy equipment manufactured at the facility. The credit is effective for taxable years beginning from and after December 31, 2009 through December 31, 2019.

The credit is up to 10 percent of the taxpayer's total capital investment in Arizona. The credit is apportioned and claimed in five equal annual installments in each of five consecutive taxable years.

The credit for renewable energy industry is in lieu of the following credits, with respect to the same employment positions:

- The credit for new employment, under A.R.S. §§ 43-1074 or 43-1161 (claimed on Arizona Form 345); and
- The military reuse zone credit, under A.R.S. §§ 43-1079 or 43-1167 (claimed on Arizona Form 306).

In order to claim the credit for renewable energy industry, a renewable energy business must apply for and receive pre-approval from the Arizona Commerce Authority (Commerce). Commerce cannot preapprove income tax credits for any one taxpayer in excess of $30 million in any calendar year. The $70 million overall limit for renewable energy industry credits is shared with the credit for qualified facilities provided under A.R.S. §§ 41-1512, 43-1083.03 and 43-1164.04 and claimed on Arizona Form 349.

Once pre-approval is received, the renewable energy business must incur at least $250,000 in qualifying investment within 12 months of pre-approval.

The tax year of pre-approval determines the "allocation year." The allocation year is the calendar year to which the credit was applied to the annual credit cap.

The renewable energy business must enter into a managed review with Commerce prior to applying for post-approval.

The renewable energy business must obtain post-approval from Commerce prior to claiming the credit. The first fifth of the apportioned credit is claimed on the tax return that includes the post-approval date.

For example, Company A, a renewable energy business, is a calendar year filer. Company A received pre-approval from Commerce for renewable energy operations on March 10, 2010, and received its post-approval on March 16, 2012. Because Company A completed everything necessary to earn the credit in calendar year 2012, the first fifth of the credit must be claimed on the tax return for calendar year 2012.

NOTE: *Each fifth of the credit for renewable energy industry must be claimed on a timely filed original income tax return, including extensions. The credit may not be claimed on an amended return.* ***Failing to claim the apportioned credit on a timely filed return will result in loss of the apportioned credit for that taxable year.***

The amount of the credit for renewable energy industry a taxpayer may claim can never exceed the amount that is on the post-approval from Commerce.

NOTE: *The renewable energy business must submit a copy of the Certification of Qualification (Certification) from Commerce with Form 342 when claiming the credit.*

Co-owners of a business, including partners in a partnership and shareholders of an S corporation, may each claim only the pro rata share of the apportioned credit based on ownership interest. The total of the apportioned credits allowed to all such owners may not exceed the amount that would have been allowed for a sole owner of the business.

The credit is available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate UBTI.

Credit Recapture

During the pre-approval process with Commerce, the applicant must consent to adjustment or recapture of the income tax credit in the case of noncompliance with A.R.S. § 41-1511.

If, within five taxable years after first receiving the credit for renewable energy industry, the Certification is rescinded by Commerce, the taxpayer is disqualified from the apportioned credits for subsequent taxable years and may be subject to recapture.

On a determination that the taxpayer has committed fraud or relocated outside of this state within five taxable years of first receiving a credit, all credits previously allowed are subject to recapture.

The recapture of the credit is computed by increasing the amount of taxes imposed in the year following the year of termination or revocation by the full amount of all credits previously allowed.

Specific Instructions

Complete the name and taxpayer identification number section at the top of the form. Indicate the period covered by the taxable year. Include the completed form with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN).

The TIN for a corporation, an exempt organization with UBTI, an S corporation, or a partnership is the taxpayer's employer identification number. The TIN for an individual is the taxpayer's social security number or an Internal Revenue Service individual taxpayer identification number. A taxpayer that fails to include its TIN may be subject to a penalty.

Part 1 - Listing of Post-Approved Renewable Energy Operations and Apportioned Credit Amount

Lines 1 through 4 -

In Part 1, list renewable energy operations that Commerce has post-approved and that have apportioned credit amounts that are eligible to be claimed on this year's tax return. The first fifth of the credits for renewable energy industry is to be claimed on the tax return that includes the post-approval date and must be filed timely, including extensions.

Write the allocation year in column (a)1. The allocation year is the calendar year to which the credit was applied to the annual credit cap. This date will be noted on the post-approval document received from Commerce. Commerce has assigned each operation a priority placement number, which should be the same on both pre-approval and post-approval documents. List this number in column (a)3. Enter the apportioned credit amount per the post-approval document in column (b).

If you do not have enough lines on the form to enter all of the apportioned credits required to be claimed this tax year, include a schedule that shows all of the information Part 1 requires. Enter the total apportioned credit amounts from all included schedules on line 3. Add lines 1 through 3, and enter the total on line 4. This is the total apportioned credit for renewable energy industry for this year.

Part 2 - Credit Recapture

Lines 5 and 6 -

On line 5, list the date on which the Certification of the renewable energy business was terminated or revoked. On line 6, enter the full amount of apportioned credits previously claimed.

Part 3 - S Corporation Credit Election and Shareholder's Share of Credit and Credit Recapture

Lines 7 through 11 -

S corporations must complete this portion of Form 342 in order for the S corporation or its shareholders to claim the credit. The S corporation must make an irrevocable election either to claim this taxable year's apportioned credit or to pass this taxable year's apportioned credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to Arizona Form 120S.

If the S corporation elects to pass this year's apportioned credit through to its shareholders, it must first complete Form 342, Part 1, then complete Part 3, lines 8 through 10, separately for each shareholder. Each S corporation shareholder is entitled to only a pro rata share of pass-through credit based on ownership interest in the S corporation. The total of the credits allowed to all shareholders may not exceed the amount that would have been allowed for a sole owner.

If the S corporation has been notified of a credit recapture for a credit it passed through to its shareholders, it must also complete Part 2 and then Part 3, line 11, separately for each shareholder.

The S corporation must furnish each shareholder with a copy of the Certification from Commerce and pages 1 and 2 of Form 342. Each shareholder would then complete Part 5, if applicable, and Part 6.

Part 4 - Partner's Share of Credit and Credit Recapture

Lines 12 through 15 -

A partnership must complete Form 342, Part 1, then complete Part 4, lines 12 through 14, separately for each partner.

Each partner is entitled to only a pro rata share of the credit based on the partner's ownership interest in the partnership. The total of the credits allowed to all partners may not exceed the amount that would have been allowed for a sole owner.

If the partnership has been notified of a credit recapture, it must also complete Part 2 and then Part 4, line 15, separately for each partner.

The partnership must furnish each partner with a copy of the Certification from Commerce and pages 1 and 2 of Form 342. Each partner would then complete Part 5, if applicable, and Part 6.

Part 5 - Credit Recapture Summary

Complete Part 5 as instructed on the form.

Part 6 - Total Apportioned Credit Claimed This Taxable Year

Line 18 -

Enter the current year's apportioned credit for renewable energy industry.

Individuals, corporations (including S corporations that elected to claim the credit), and exempt organizations with UBTI - enter the amount from Part 1, line 4.

S corporation shareholders - enter the amount from Part 3, line 10.

Partners of a partnership - enter the amount from Part 4, line 14.

Also enter this amount and check the box for Form 342 on your tax return.

Corporations - enter the amount on Form 120, line 22; or Form 120A, line 14; or Form 120X, line 22.

Exempt organizations with UBTI - enter the amount on Form 99T, line 12.

S corporations - enter the amount on Form 120S, line 18.

Individuals - enter the amount on Form 140, line 57; or Form 140NR, line 64; or Form 140PY, line 69; or Form 140X, line 40.

Arizona Form **343**

Renewable Energy Production Tax Credit

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Name as shown on Form 140, 140PY, 140NR, 140X, 99T, 120, 120A, 120S, 120X, or 165	Social Security or Employer Identification Number

Part 1 Qualification for and Current Taxable Year's Credit

1 Did you receive a Certificate from the Arizona Department of Revenue? ☐ Yes ☐ No
If "Yes", include a copy of the Certificate. If "No", skip line 2.

2 Enter the credit amount on the Certificate from the Arizona Department of Revenue for this taxable year ..... 2 _____ 00

3 Did an entity from which you are claiming a pass through renewable energy production tax credit receive a Certificate from the Arizona Department of Revenue? ☐ Yes ☐ No
If "Yes", include a copy of the Certificate. If "No", skip line 4 and line 5.

4 Enter the name of the entity that received the Certificate from the Arizona Department of Revenue and its identification number. Be sure to include a copy of the Certificate.
Name: _____
TIN: _____

5 Enter your share of the credit amount on the Certificate from the Arizona Department of Revenue for this taxable year. See instructions ..... 5 _____ 00

6 **Total Credit:** Add line 2 and line 5 and enter the total. **This is your current year's renewable energy production tax credit** ..... 6 _____ 00

Part 2 S Corporation Credit Election and Shareholder's Share of Credit

7 The S corporation has made an irrevocable election for the taxable year ending M M D D Y Y Y Y to **(check only one box)**:

☐ Claim the renewable energy production tax credit as shown on Part 1, line 6 (for the taxable year mentioned above);
OR

☐ Pass the renewable energy production tax credit as shown on Part 1, line 6 (for the taxable year mentioned above) through to its shareholders.

Signature _____ Title _____ Date _____

If passing the credit through to the shareholders, complete lines 8 through 10 separately for each shareholder. Also complete line 11 or line 12, as applicable, separately for each shareholder. Provide a copy of the Certificate to each shareholder. Furnish each shareholder with a copy of pages 1 and 2 of Form 343.

8 Name of shareholder: _____

9 Shareholder's TIN: _____

10 Shareholder's share of the renewable energy production tax credit on Part 1, line 6 ..... 10 _____ 00

11 Shareholder's share of the amount on Part 1, line 2 ..... 11 _____ 00

12 Shareholder's share of the amount on Part 1, line 5 ..... 12 _____ 00

Part 3 Partner's Share of Credit

Complete lines 13 through 15 separately for each partner. Also complete line 16 or line 17, as applicable, separately for each partner. Provide a copy of the Certificate to each partner. Furnish each partner with a copy of pages 1 and 2 of Form 343.

13 Name of partner: _____

14 Partner's TIN: _____

15 Partner's share of the renewable energy production tax credit on Part 1, line 6 ..... 15 _____ 00

16 Partner's share of the amount on Part 1, line 2 ..... 16 _____ 00

17 Partner's share of the amount on Part 1, line 5 ..... 17 _____ 00

Continued on page 2 ➔

Name (as shown on page 1)	TIN

Part 4 Available Credit Carryover

	(a) Taxable Year	(b) Original Credit Amount		(c) Amount Previously Used		(d) Available Carryover: Subtract column (c) from column (b).	
18			00		00		00
19			00		00		00
20			00		00		00
21			00		00		00
22			00		00		00

23 TOTAL AVAILABLE CARRYOVER: Add lines 18 through 22 in column (d) ..... 23 | | 00

Part 5 Total Available Credit

24 Current year's credit:

- Individuals, corporations, exempt organizations with UBTI, or S corporations: Enter the amount from Part 1, line 6.
- S corporation shareholders: Enter the amount from Part 2, line 10.
- Partners of a partnership: Enter the amount from Part 3, line 15..... 24 | | 00

Individuals: Also enter this amount on Form 301, line 24, column (a).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Form 300, line 18, column (a).

25 Available credit carryover from Part 4, line 23, column (d)..... 25 | | 00

Individuals: Also enter this amount on Form 301, line 24, column (b).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Form 300, line 18, column (b).

26 **Total available credit:** Add lines 24 and 25 ..... 26 | | 00

Individuals: Also enter this amount on Form 301, Part 1, line 24, column (c).
Corporations, exempt organizations with UBTI, and S corporations: Also enter this amount on Form 300, Part 1, line 18, column (c).

2014 Renewable Energy Production Tax Credit

Arizona Form 343

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

Phoenix	(602) 255-3381
From area codes 520 and 928, toll-free	(800) 352-4090

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

General Instructions

Arizona Revised Statutes §§ 43-1083.02 and 43-1164.03 provide nonrefundable individual and corporate income tax credits for production of electricity by a qualified energy generator that produces electricity using a qualified energy resource.

"Qualified energy generator" means a facility that has at least five megawatts generating capacity, that is located on land in Arizona owned or leased by the taxpayer, that produces electricity using a qualified energy resource and that sells electricity to an unrelated entity, unless the electricity is sold to a public service corporation.

"Qualified energy resource" means a resource that generates electricity through the use of only: solar light, solar heat, wind or biomass.

The qualified energy generator must first produce electricity from and after December 31, 2010, and before January 1, 2021. The credit is effective for taxable years beginning from and after December 31, 2010.

The Department of Revenue (Revenue) will certify credits on a first-come, first-served basis. The entity that holds title to the qualified energy generator must apply between January 2 and January 31 of the year following the calendar year of production. Fiscal year taxpayers will claim the credit on the return for the taxable year in which the calendar year ends.

The amount of total credits Revenue may allow cannot exceed $20 million in any calendar year. The amount of credit per facility is limited to $2 million per calendar year, for up to 10 consecutive calendar years. The amount of the credit is based on electricity produced, the qualified energy resource used, the year of production, and Revenue certification.

Revenue will issue a Certificate of Renewable Energy Production Tax Credit (Certificate) to the applicant if it is certified to claim the tax credit. Each taxpayer must include a copy of the Certificate with the return.

Co-owners of a business, including partners in a partnership and shareholders of an S corporation, may each claim only the pro rata share of the credit allowed based on the ownership interest. The total of the credits allowed all such owners may not exceed the amount that would have been allowed for a sole owner of the business.

The credit is available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate UBTI.

The unused portion of this tax credit may be carried forward for five succeeding taxable years.

For more information regarding this credit, review the program guidelines developed by Revenue, available at www.azdor.gov on the Tax Credits page.

Specific Instructions

Complete the name and taxpayer identification number section at the top of the form. Indicate the period covered by the taxable year. Include the completed form with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, an exempt organization with UBTI, an S corporation, or a partnership is the taxpayer's employer identification number. The TIN for an individual is the taxpayer's social security number or an Internal Revenue Service individual taxpayer identification number. A taxpayer that fails to include its TIN may be subject to a penalty.

Part 1 - Qualification for and Current Taxable Year's Credit

Line 1 -

If the taxpayer received a Certificate from Revenue, check the "Yes" box. Otherwise, check the "No" box and skip line 2.

Line 2 -

If you checked the "Yes" box on line 1, enter the amount of credit for calendar year 2014 on your Certificate from Revenue. Fiscal year taxpayers will claim the credit on the return for the taxable year in which the calendar year ends. Be sure to include a copy of your Certificate.

Line 3 -

If an entity from which you are claiming a pass through renewable energy production tax credit received a Certificate from Revenue, check the "Yes" box. Otherwise, check the "No" box, and skip line 4 and line 5.

If you checked the "No" box for both line 1 and line 3, do not file Form 343, unless you have carryovers from prior years.

Line 4 -

If you checked the "Yes" box on line 3, enter the name of the entity that received the Certificate from Revenue and its taxpayer identification number on line 4.

Line 5 -

If you checked the "Yes" box on line 3, enter your share of the credit for taxable year 2014.

Line 6 -

Enter the total of line 2 and line 5. This is your current taxable year's total renewable energy production tax credit.

Part 2 - S Corporation Credit Election and Shareholder's Share of Credit

Line 7 - S Corporation Credit Election

S corporations must complete line 7. The S corporation must make an irrevocable election to either claim the current

taxable year credit or pass the credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to Arizona Form 120S. If the S corporation elects to claim the credit itself, it can skip lines 8 through 12 and complete Part 4 and Part 5.

Lines 8 through 12 -

If an S corporation elects to pass the credit through to its shareholders, it must also complete lines 8 through 10. If the S corporation received a Certificate from Revenue, it must also complete line 11. If the S corporation received a credit passed through from a partnership, and the partnership received a Certificate from Revenue, the S corporation must also complete line 12.

After the S corporation completes Part 1, it must complete Part 2, lines 8 through 10, separately for each shareholder. The S corporation must also complete line 11 and/or line 12, as applicable, separately for each shareholder.

Each S corporation shareholder is entitled to only a pro rata share of pass-through credit based on ownership interest in the S corporation. The total of the credit allowed to all shareholders may not exceed the amount that would have been allowed for a sole owner.

The S corporation must furnish each shareholder with a copy of the Certificate and pages 1 and 2 of Form 343. Each shareholder would then complete Part 4 and Part 5.

NOTE: *Taxpayers who are partners or shareholders in multiple entities receiving the renewable energy production tax credit must create a schedule detailing the amount of the credit passed through from each partnership or S corporation, and include the schedule with their tax returns.*

Part 3 - Partner's Share of Credit

Partnerships must complete Form 343, Part 1. The partnership must complete Part 3, lines 13 through 17, separately for each partner.

Each partner is entitled to only a pro rata share of the credit based on the partner's ownership interest in the partnership. The total of the credit allowed to all partners may not exceed the amount that would have been allowed for a sole owner.

The partnership must furnish each partner with a copy of the Certificate and pages 1 and 2 of Form 343. Each partner would then complete Part 4 and Part 5.

NOTE: *Taxpayers who are partners or shareholders in multiple entities receiving the renewable energy production tax credit must create a schedule detailing the amount of the credit passed through from each partnership or S corporation, and inlcude the schedule with their tax returns.*

Part 4 - Available Credit Carryover

Use Part 4 to figure your total available credit carryover from prior taxable years. Complete lines 18 through 23, columns (a) through (d), if you claimed the credit on a prior year's return and the credit exceeded your tax liability.

Enter the taxable year(s) from which you are carrying over the credit in column (a) on lines 18 through 22. In column (b), enter the credit originally computed for that taxable year. In column (c), enter the amount of the credit from that taxable year which you have already used. Subtract the amount in column (c) from the amount in column (b) and enter the difference in column (d). Add the amounts entered on lines 18 through 22 in column (d). Enter the total on line 23, column (d). This is the total credit carryover available for the current taxable year.

Part 5 - Total Available Credit

Line 24 -

Enter the current year's credit.

Individuals, corporations (including S corporations that elected to claim the credit), and exempt organizations with UBTI - enter the amount from Part I, line 6.

S corporation shareholders - enter the amount from Part 2, line 10.

Partners of a partnership - enter the amount from Part 3, line 15.

Line 25 -

Enter the available credit carryover from prior years from Part 4, line 23, column (d).

Line 26 -

Add line 24 and line 25. This is the total available renewable energy production tax credit that may be applied to the current year's tax liability.

Corporations, exempt organizations with UBTI, and S corporations - enter the total here and on Form 300, Part 1, line 18, column (c).

Individuals - enter the total here and on Form 301, Part 1, line 24, column (c).

Arizona Form **344**

Solar Liquid Fuel Credit

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Name as shown on Form 140, 140PY, 140NR, 140X, 99T, 120, 120A, 120S, 120X, or 165	Social Security or Employer Identification Number

Part 1 Current Taxable Year's Credit Calculation

1	Wages for qualified services (do not include wages used in figuring the federal work opportunity credit)	1	00		
2	Cost of supplies	2	00		
3	Rental or lease cost of computers	3	00		
4	Contract research expenses. See instructions	4	00		
5	Total research expenses. Add lines 1 through 4. Enter the total	5	00		
6	Research expenses included on lines 1 through 4 related to solar liquid fuel that will be claimed on Arizona Form 308, Arizona Form 308-I or Arizona Form 346	6	00		
7	Total qualified research expenses. Subtract line 6 from line 5			7	00
8	Average annual Arizona gross receipts. See instructions	8	00		
9	Fixed-base percentage (not more than 16% (.1600)). See instructions	9	.		
10	Base amount. Multiply line 8 by the percentage on line 9. Enter the result			10	00
11	Subtract line 10 from line 7. If less than zero, enter zero			11	00
12	Multiply line 7 by 50% (.50). Enter the result			12	00
13	Enter the lesser of line 11 or line 12			13	00
14	Multiply line 13 by 40% (.40). Enter the result. **This is your current year's solar liquid fuel credit**			14	00

Part 2 S Corporation Credit Election and Shareholder's Share of Credit

15 The S corporation has made an irrevocable election for the taxable year ending M M D D Y Y Y Y to **(check only one box)**:

☐ Claim the solar liquid fuel credit as shown on Part 1, line 14 (for the taxable year mentioned above);

OR

☐ Pass the solar liquid fuel credit as shown on Part 1, line 14 (for the taxable year mentioned above) through to its shareholders.

Signature _____ Title _____ Date _____

If passing the credit through to the shareholders, complete lines 16 through 18 separately for each shareholder. Furnish each shareholder with a copy of Form 344.

16 Name of shareholder: _____

17 Shareholder's TIN: _____

18 Shareholder's share of the amount on Part 1, line 14 ..... 18 00

Part 3 Partner's Share of Credit

Complete lines 19 through 21 separately for each partner. Furnish each partner with a copy of Form 344.

19 Name of partner: _____

20 Partner's TIN: _____

21 Partner's share of the amount on Part 1, line 14 ..... 21 00

Part 4 Total Available Credit

22 Current year's credit:

- Individuals, corporations, exempt organizations with UBTI, or S corporations: Enter the amount from Part 1, line 14.
- S corporation shareholders: Enter the amount from Part 2, line 18.
- Partners of a partnership: Enter the amount from Part 3, line 21 ..... 22 00

Individuals: Also enter this amount on Form 301, Part 1, line 25, column (a).

Corporations, exempt organizations with UBTI, and S corporations: Also enter this amount on Form 300, Part 1, line 19, column (a).

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2014 Solar Liquid Fuel Credit

Arizona Form 344

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

Phoenix	(602) 255-3381
From area codes 520 and 928, toll-free	(800) 352-4090

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

General Instructions

Arizona Revised Statutes (A.R.S.) §§ 43-1085.01 and 43-1164.02 provide nonrefundable individual and corporate income tax credits for increased research activities related to solar liquid fuel. This credit is allowed for taxable years beginning from and after December 31, 2010 through December 31, 2021.

Additional credits related to solar liquid fuel will become available in 2016 for production and delivery system costs.

"Solar liquid fuel" means liquid fuel that is generated through processes that use sunlight, carbon dioxide and water to produce infrastructure compatible liquid hydrocarbon fuels.

Co-owners of a business, including partners in a partnership and shareholders of an S corporation, may each claim only the pro rata share of the credit allowed based on the ownership interest. The total of the credits allowed all such owners may not exceed the amount that would have been allowed for a sole owner of the business.

The credit is available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate UBTI.

There is no carry forward for the solar liquid fuel credit. This credit must be used on the tax return filed for the taxable year in which the research was conducted.

The solar liquid fuel credit is in lieu of the following credits, with respect to the same expenses.

- The credit for increased research activities under A.R.S. §§ 43-1074.01 or 43-1168 (claimed on Arizona Form 308-I or Form 308); and
- The credit for increased research activities for basic research payments, under A.R.S. § 43-1074(A)(1)(d) or A.R.S. § 43-1168 (A)(1)(c) (claimed on Arizona Form 346).

The Arizona solar liquid fuel credit related to increased research is allowed in an amount computed pursuant to Internal Revenue Code (IRC) § 41 with the following exceptions:

- Qualified research includes only research related to solar liquid fuel conducted in Arizona. The term "qualified research," for purposes of the Arizona tax credit, means qualified research, as defined in IRC § 41, that is conducted in Arizona.
- The amount of the credit is based on the federal regular credit computation method for Arizona qualified research expenses. [Taxpayers CANNOT use the federal alternative credit computation method.] The allowable current taxable year credit is 40 percent of the excess, if any, of the Arizona qualified research expenses for the taxable year, over the base amount.

Specific Instructions

Complete the name and taxpayer identification number section at the top of the form. Indicate the period covered by the taxable year. Include the completed form with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, an exempt organization with UBTI, an S corporation or a partnership is the taxpayer's employer identification number. The TIN for an individual is the taxpayer's social security number or an Internal Revenue Service individual taxpayer identification number. Taxpayers that fail to include their TIN may be subject to a penalty.

Part 1 - Current Taxable Year's Credit Calculation

Line 1 -

Enter total wages paid or incurred for qualified services performed in Arizona. Do not include the amount of such wages paid to employees that were used in the calculation of the federal work opportunity credit. Wages include any wages paid or incurred to an employee for qualified services performed by such employee. Qualified services consist of engaging in qualified research or engaging in the direct supervision or direct support of research activities that constitute qualified research.

Line 2 -

Enter the cost of supplies paid or incurred for use in the conduct of qualified research in Arizona. Supplies include expenditures for any tangible property other than land or improvements to land, and property of a character subject to the allowance for depreciation.

Line 3 -

Enter the amount paid or incurred to rent or lease the right to use computers in the conduct of qualified research in Arizona.

Line 4 -

Enter the total of:

(a) Seventy-five percent (.75) of any amount paid or incurred for qualified research performed in Arizona by a qualified research consortium on the taxpayer's behalf. "Qualified research consortium" is any qualifying organization as defined in IRC § 41(b)(3)(C)(ii).

(b) Sixty-five percent (.65) of any amount paid or incurred for qualified research performed in Arizona on the taxpayer's behalf, other than such amounts paid to a qualified research consortium. Prepaid contract research expenses are considered paid in the year the research is actually done.

Line 6 -

Enter the amount of expenses included on lines 1 through 4 that are related to solar liquid fuel that will be claimed on Arizona Form 308, Arizona Form 308-I or Arizona Form 346. The solar liquid fuel credit is in lieu of these credits with respect to the same expenses.

Line 8 -

Enter the average annual Arizona gross receipts for the four taxable years preceding the taxable year for which the credit is being determined (the credit year). The taxpayer may be required to annualize gross receipts for any short taxable year.

If 2014 is the first year the taxpayer is in business, the average annual Arizona gross receipts for the preceding taxable years is zero. If the taxpayer has been in business in Arizona for less than four taxable years prior to the credit year, then the average is the sum of annual Arizona gross receipts of the applicable period, divided by the number of taxable years.

Example: ABC Corporation began business in Arizona in 2012. Its annual Arizona gross receipts for 2012 were $100,000. Its annual Arizona gross receipts for 2013 were $200,000. Therefore, ABC Corporation's average annual Arizona gross receipts for the 2014 credit year is $150,000 ([$100,000 plus $200,000] divided by 2).

Line 9 -

Fixed base percentage

Use the same type of formulas to compute your fixed-base percentage for Arizona as you would for computing your federal fixed-base percentage. The difference is that you use Arizona qualified research expense and gross receipts amounts instead of federal amounts. Other than that, the calculations are the same. Round off the percentage to the nearest one, one hundredth of one percent (four decimal places).

If the percentage computation involves *de minimis* amounts of gross receipts and qualified expenses in a taxable year or short taxable years are involved, the amounts may be annualized or disregarded. Refer to IRC §§ 41(c)(3) and 41(f)(4) for details.

Existing firms and start-up companies

Arizona's definition of whether an organization is an existing firm or a start-up company is also the same as federal, albeit on an Arizona basis:

- **Existing firms** - An existing firm is one that had both Arizona gross receipts and Arizona qualified research expenses for at least three taxable years beginning after December 31, 1983, and before January 1, 1989. The fixed-base percentage is the ratio that the aggregate Arizona qualified research expenses for all taxable years beginning after 1983 and before 1989, bears to the aggregate Arizona gross receipts for such taxable years.
- **Start-up companies** - A start-up company is one that had both Arizona gross receipts and Arizona qualified research expenses either (1) for the first time in a taxable year beginning after December 31, 1983, or (2) for fewer than three taxable years beginning after 1983 and before 1989.

  If the percentage computation involves *de minimis* amounts of gross receipts and qualified expenses in a taxable year or short taxable years are involved, the amounts may be annualized or disregarded. Refer to IRC §§ 41(c)(3) and 41(f)(4) for details.

NOTE: *The maximum percentage that can be entered on line 9 is 16 percent (.1600).*

Line 12 -

Multiply line 7 by 50% (.50). The base amount cannot be less than 50 percent of the current year qualified research expenses. This rule applies to both existing and start-up companies.

Line 14 -

Compute the amount of current year's credit by multiplying the amount on line 13 by 40 percent (.40).

Part 2 - S Corporation Credit Election and Shareholder's Share of Credit

Line 15 - S Corporation Credit Election

S corporations must complete line 15. The S corporation must make an irrevocable election to either claim the current taxable year credit or pass the credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to Arizona Form 120S. If the S corporation elects to claim the credit itself, it can skip lines 16 through 18 and complete Part 4.

Lines 16 through 18 -

If an S corporation elects to pass the credit through to its shareholders, it must also complete lines 16 through 18.

After the S corporation completes Part 1, it must complete Part 2, lines 16 through 18, separately for each shareholder. The S corporation must furnish each shareholder with a copy of Form 344. Each shareholder must complete Part 4.

NOTE: *Taxpayers who are partners or shareholders in multiple entities receiving the solar liquid fuel tax credit must create a schedule detailing the amount of the credit passed through from each partnership or S corporation, and include the schedule with their tax returns.*

Part 3 - Partner's Share of Credit

Lines 19 through 21 -

After a partnership completes Part 1, it must complete Part 3, lines 19 through 21, separately for each partner. The partnership must furnish each partner with a copy of Form 344. Each partner must complete Part 4.

NOTE: *Taxpayers who are partners or shareholders in multiple entities receiving the solar liquid fuel tax credit must create a schedule detailing the amount of the credit passed through from each partnership or S corporation, and include the schedule with their tax returns.*

Part 4 - Total Available Credit

Line 22 -

Individuals, corporations, exempt organizations with UBTI, and S corporations claiming the credit - enter the amount from Part 1, line 14.

S corporation shareholders - enter the amount from Part 2, line 18.

Partners of a partnership - enter the amount from Part 3, line 21.

This is the current taxable year's solar liquid fuel credit that may be applied to the current year's tax liability.

Corporations, exempt organizations with UBTI, and S corporations - enter this amount on Form 300, Part 1, line 19, column (a).

Individuals - enter this amount on Form 301, Part 1, line 25, column (a).

Arizona Form **345**

Credit for New Employment

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y.

Name as shown on Form 140, 140PY, 140NR, 140X, 99T, 120, 120A, 120S, 120X, or 165	Social Security or Employer Identification Number

Part 1 Business Information

1	Business Name
2	Business Location Address — Street
	City State ZIP Code
3	Employer Identification Number

4a What type of entity is the business?

☐ Corporation ☐ Exempt Organization ☐ Limited Liability Company (LLC)
☐ Partnership ☐ S corporation ☐ Sole Proprietorship

4b If the business is an LLC, what is the federal tax classification? Check only one box:

☐ Corporation ☐ Disregarded Entity ☐ Partnership ☐ S corporation

If the business is an LLC, a partnership or an S corporation, include a schedule that lists ownership information including: name, address, TIN, and ownership percentage at the end of the tax year.

Part 2 Qualification for Credit and Credit Calculation

5 Did you receive a Certification from Arizona Commerce Authority? ..... ☐ Yes ☐ No
If "Yes", include a copy of the Certification. If "No", skip lines 6 through 9.

		(a) Number of Employees	(b) Available Credit: Multiply column (a) by $3,000.	
6 Credit for employees in first year or partial year of employment in a qualified employment position	6			00
7 Credit for employees in the second year of continuous employment in a qualified employment position	7			00
8 Credit for employees in the third year of continuous employment in a qualified employment position	8			00
9 Subtotal: Add lines 6 through 8 in each column, and enter the total	9			00

Part 3 Qualification for Credit and Credit Amount Passed Through From S corporations and Partnerships

10 Did an entity from which you are claiming a pass through credit for new employment receive Certification from the Arizona Commerce Authority? ..... ☐ Yes ☐ No
If "Yes", include a copy. If "No", skip lines 11 through 15.

11 Enter the name of the entity that received the Certification from the Arizona Commerce Authority and its identification number.
Be sure to include a copy of the Certification.
Name: _____
EIN: _____

12 Enter your share of the credit for employees in first year or partial year of employment in a qualified employment position	12		00
13 Enter your share of the credit for employees in the second year of continuous employment in a qualified employment position	13		00
14 Enter your share of the credit for employees in the third year of continuous employment in a qualified employment position	14		00
15 Subtotal: Add lines 12 through 14, and enter the total	15		00

Continued on page 2 ➔

Name (as shown on page 1)	TIN

Part 4 Current Taxable Year's Credit

16	Enter the sum of line 6, column (b) and line 12	16	00
17	Enter the sum of line 7, column (b) and line 13	17	00
18	Enter the sum of line 8, column (b) and line 14	18	00
19	**Total Credit:** Add lines 16 through 18, and enter the total. **This is the total credit for new employment for this taxable year**	19	00

Part 5 S Corporation Credit Election and Shareholder's Share of Credit

20 The S corporation has made an irrevocable election for the taxable year ending M M D D Y Y Y Y to (check only one box):

☐ Claim the credit for new employment as shown on Part 4, line 19 (for the taxable year mentioned above);

OR

☐ Pass the credit for new employment as shown on Part 4, line 19 (for the taxable year mentioned above) through to its shareholders.

Signature _____ Title _____ Date _____

If passing the credit through to the shareholders, complete lines 21 through 26 separately for each shareholder. Furnish each shareholder with a copy of the Certification and pages 1 through 3 of Form 345.

21 Name of shareholder: _____

22 Shareholder's TIN: _____

23	Shareholder's share of the credit for new employment on Part 4, line 19	23	00
24	Shareholder's share of the amount on Part 4, line 16	24	00
25	Shareholder's share of the amount on Part 4, line 17	25	00
26	Shareholder's share of the amount on Part 4, line 18	26	00

Part 6 Partner's Share of Credit

Complete lines 27 through 32 separately for each partner. Furnish each partner with a copy of the Certification and pages 1 through 3 of Form 345.

27 Name of partner: _____

28 Partner's TIN: _____

29	Partner's share of the credit for new employment on Part 4, line 19	29	00
30	Partner's share of the amount on Part 4, line 16	30	00
31	Partner's share of the amount on Part 4, line 17	31	00
32	Partner's share of the amount on Part 4, line 18	32	00

Continued on page 3 ➔

Name (as shown on page 1)	TIN

Part 7 Available Credit Carryover

		(a)	(b)	(c)	(d)	(e)
33	Taxable year					
34	Original credit amount	00	00	00	00	00
35	Amount previously used	00	00	00	00	00
36	Tentative carryover: Subtract line 35 from line 34	00	00	00	00	00
37	Amount unallowable: See instructions	00	00	00	00	00
38	Available carryover: Subtract line 37 from line 36	00	00	00	00	00

39 TOTAL AVAILABLE CARRYOVER 39 00

Part 8 Total Available Credit

40 Current year's credit for new employment:

- Individuals, corporations, exempt organizations with UBTI, or S corporations: Enter the amount from Part 4, line 19.
- S corporation shareholders: Enter the amount from Part 5, line 23.
- Partners of a partnership: Enter the amount from Part 6, line 29 ..... 40 00

Individuals: Also enter this amount on Form 301, Part 1, line 26, column (a).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Form 300, Part 1, line 20, column (a).

41 Available credit carryover from Part 7, line 39, column (e) 41 00

Individuals: Also enter this amount on Form 301, Part 1, line 26, column (b).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Form 300, Part 1, line 20, column (b).

42 **Total available credit:** Add lines 40 and 41 ..... 42 00

Individuals: Also enter total here and on Form 301, Part 1, line 26, column (c).
Corporations, S corporations, and exempt organizations with UBTI: Also enter total here and on Form 300, Part 1, line 20, column (c).

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Name (as shown on Form 345)	TIN

Page ____ of ____

Form 345-1 Employees at Business Location 2014

Complete a Form 345-1 for each employee, whether or not the employee is in a qualified employment position. (See instructions)

1 Employee name: _____

2 Employee's taxpayer identification number (TIN) ..... _____

3a What credit year are you claiming for this employee? ☐ First ☐ Second ☐ Third ☐ Not qualified for credit, or fourth year or more

3b Is this employee a replacement of another employee who left a qualified employment position in the second or third year? (See instructions) ..... ☐ Yes ☐ No

3c If the answer to line 3b is "Yes", did the total time the position was vacant from the date the employment position was originally filled to the end of the current tax year total 90 days or less? (See instructions) ..... ☐ Yes ☐ No

3d If the answer to line 3c is "Yes", enter the name of the replaced employee, his or her social security number, and termination date:

Employee Name	Social Security Number	Termination Date
		M M D D Y Y Y Y

4a Current date of employment ..... M M D D Y Y Y Y

4b Termination date, if the employee was terminated before the end of the taxable year ..... M M D D Y Y Y Y

4c If the employee was terminated, is he or she replaced by a new hire in the same qualified employment position? ☐ Yes ☐ No
If the answer is "Yes", enter the name of the new hire, his or her social security number, and hire date:

Employee Name	Social Security Number	Hire Date
		M M D D Y Y Y Y

5a If employee was previously employed by the business, list the previous date of employment. (See instructions.) M M D D Y Y Y Y

5b If employee was previously employed by the business, list the date of separation ..... M M D D Y Y Y Y

5c Did the employee relocate to this state from out of state? ..... ☐ Yes ☐ No

5d If the employee relocated from out of state, enter date of relocation ..... M M D D Y Y Y Y

6a Is the employee in a permanent position that consists of at least 1750 hours per year? ..... ☐ Yes ☐ No

6b If the answer to line 6a is "Yes", list the number of hours the employee actually worked during the taxable year. ..... _____

7 Are the employee's job duties performed primarily at the location(s) of the business? ..... ☐ Yes ☐ No

8a Employee's annual compensation for the taxable year ..... $ _____ .00

8b Employee's HOURLY wage in dollars and cents ..... $ _____ .

9a Total cost of health insurance provided by employer for employee. (See instructions.) ..... $ _____ .00

9b Total cost of health insurance for employee paid by employer. (See instructions.) ..... $ _____ .00

10 Is this employee in a new qualified employment position? ..... ☐ Yes ☐ No

11a Has this employee been substituted for another employee in a qualified employment position? ..... ☐ Yes ☐ No

11b If answer on line 11a is "Yes", list the date of substitution M M D D Y Y Y Y and indicate whether the individual is a second year employee or a third year employee. See instructions for the qualification before answering this question.
Check only one box: ☐ Second year employee ☐ Third year employee

Name (as shown on Form 345)	TIN

Page ____ of ____

Form 345-2 Employees in Qualified Employment Positions 2014

	(a) Employee's Name	(b) Social Security Number	(c) Type of Employee Check the appropriate box. This employee is a:			(d) Limitation on Total Number of Credits
			(c1) 1st Year Employee	(c2) 2nd Year Employee	(c3) 3rd Year Employee	See instructions before checking this box.
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24	TOTAL: Add lines 1 through 23 including only lines with check marks. Enter the total for each column 24					

If you are claiming more than 23 employees in qualified employment positions, complete additional schedules.

2014 Credit for New Employment

CONTACTS FOR CREDIT FOR NEW EMPLOYMENT

Arizona Commerce Authority

•Application forms •Program guidelines

Website: **www.azcommerce.com**

Program Manager (602) 845-1200

Arizona Department of Revenue

•Tax forms and instructions •Information and assistance

Website: **www.azdor.gov**

Taxpayer assistance (602) 255-3381
From area codes 520 and 928, toll-free (800) 352-4090

General Instructions

NOTE: Laws 2012, Chapter 343 (HB 2815) made changes to the Arizona Revised Statutes that authorize this credit. These changes are effective for taxable years from and after December 31, 2012. Third year credits related to tax year 2012 may still be affected by the previous statutes.

Arizona Revised Statutes (A.R.S.) §§ 43-1074 and 43-1161 provide nonrefundable individual and corporate income tax credits for net increases in qualified employment positions in Arizona at a business location in Arizona. This credit applies to taxable years beginning from and after June 30, 2011. No more than 10,000 first year qualified positions for all taxpayers shall be allowed annually. The 10,000 qualified position cap is administered by the Arizona Commerce Authority (Commerce).

Note for Form 120 filers: Taxpayers filing on a combined or consolidated basis are considered to be a single taxpayer for the purposes of the credit for new employment.

If the documents required to be filed with Commerce or the Arizona Department of Revenue (Revenue) are not timely filed or contain materially false information, the taxpayer is ineligible for the credit for new employment (including second and third year credits, and carryovers) and is subject to recovery of the amount of tax credits allowed in preceding taxable years based on the false information, plus penalties and interest.

The credit for new employment is in lieu of the following credits, with respect to the same employment positions:

- The military reuse zone credit, under A.R.S. §§ 43-1079 or 43-1167 (claimed on Arizona Form 306);
- The employment credit for healthy forest enterprises, under A.R.S. §§ 43-1076 or 43-1162 (claimed on Arizona Form 332); and
- The credit for renewable energy industry, under A.R.S. §§ 43-1083.01 or 43-1164.01 (claimed on Arizona Form 342).

To qualify for the credit for new employment, the owner must either:

- Invest at least $5 million of capital investment and create at least 25 new qualified employment positions within the exterior boundaries of a city or town in Arizona that has a population of fifty thousand and that is located in a county that has a population of eight hundred thousand persons or more.
- Invest at least $1 million of capital investment and create at least 5 new qualified employment positions in any other location in Arizona.

To qualify for the credit for new employment, the qualified employment positions must meet the following requirements:

- Consist of at least 1,750 hours per year of permanent employment.
- The job duties are performed primarily at the location or locations of the business in Arizona.
- The employment provides health insurance coverage for the employee where the employer pays 65% of the premium or membership cost.
- The employer pays at least equal to the median wage by county as computed annually by Commerce.

The credit for new employment for qualified employment positions is equal to:

- $3,000 for each Arizona employee in a qualified employment position in the first year or partial year of employment.
- $3,000 for each Arizona employee in a qualified employment position for the full taxable year, in the second year of continuous employment.
- $3,000 for each Arizona employee in a qualified employment position for the full taxable year, in the third year of continuous employment.

The credit is limited to 400 first year employees, per taxpayer, in any taxable year beginning from and after June 30, 2011 through December 31, 2012. The credit is allowed for second and third year employees only for qualified employment positions for which a credit was claimed and allowed in the first year.

NEW: For taxable years beginning from and after December 31, 2013, if a full-time employee in a qualified employment position left during the second or third taxable year that a credit for that position is being claimed, the employee may be replaced with another new full-time employee in the same employment position and the new employee will be treated as being in their second or third full year of continuous employment if (1) the total time the qualified employment position was vacant from the date the position was originally filled to the end of the current tax year totals 90 days or less, **and** (2) the new employee meets all of the same requirements as the original employee was required to meet. However, only one credit can be claimed for one employee for each qualified employment position, even if there was more than one replacement for the same position during the taxable year.

If the allowable tax credit exceeds the taxes otherwise due on the claimant's income, or if there are no taxes due, the amount of the credit not used to offset taxes may be carried forward for not more than five taxable years as a credit against subsequent years' income tax liabilities.

Co-owners of a business, including partners in a partnership and shareholders of an S corporation, may each claim only the pro rata share of the credit allowed based on the ownership interest. The total of the credits allowed all such owners may not exceed the amount that would have been allowed for a sole owner of the business.

The credit is available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate UBTI.

Reporting requirements: Include a copy of the Certification received from Commerce stating that the taxpayer timely complied with the reporting requirements for that agency and indicating the number of positions certified for the taxable year. A taxpayer must timely comply with the reporting requirements of both Revenue and Commerce in order to claim the credit. Do not use the 2014 Forms 345 and 345-1 to claim the credit for new employment for prior taxable years.

Aggregate summary: This is a single Form 345 that combines the results of multiple business locations in Arizona for which the taxpayer is claiming the credit for new employment. Taxpayers having multiple business locations must first complete separate Forms 345, 345-1 and 345-2 for each business location. Then, complete the aggregate summary Form 345. Do not complete aggregate summaries of Forms 345-1 and 345-2.

Taxpayers do NOT need to complete Part 1 - Business Information, of the aggregate summary Form 345.

Specific Instructions

Complete the name and taxpayer identification number section at the top of the form. Indicate the period covered by the taxable year. Include the completed form and all supporting documentation with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, an exempt organization with UBTI, an S corporation, or a partnership is the taxpayer's employer identification number. The TIN for an individual is the taxpayer's social security number or an Internal Revenue Service individual taxpayer identification number. Taxpayers that fail to include their taxpayer identification number may be subject to a penalty.

Part 1 - Business Information

Lines 1 through 3 -

On lines 1, 2, and 3, enter the name, address, and employer identification number of the business location.

Line 4a and Line 4b -

Answer the questions on line 4a and line 4b. If the business is an LLC, a partnership, or an S corporation, be sure to include a schedule that lists ownership information including: name, address, TIN, and ownership percentage at the end of the tax year. Include the schedule immediately after Form 345, but before the Forms 345-1.

Complete Forms 345-1 and 345-2 before completing the rest of Form 345.

FORM 345-1

Complete a Form 345-1 for each employee at the business location, WHETHER OR NOT THE EMPLOYEE IS IN A QUALIFIED EMPLOYMENT POSITION.

NOTE: A.R.S. § 41-1525(D)(1) provides for the information requested in the Form 345-1 to be submitted in a form prescribed by Revenue and may include electronic media. Revenue will accept a hard copy spreadsheet that contains all the requested information or the information may be submitted on electronic media as a Microsoft Excel spreadsheet on a CD-ROM or DVD. The chosen media must be Microsoft Windows compatible.

Regardless of the form, the information must be filed on or before the due date of the tax return including any extensions. Taxpayers submitting the information on CD-ROM or DVD should secure the CD-ROM or DVD in a hard case and include it with the tax return. The Forms 345-1 submitted on CD-ROM or DVD are part of the income tax return and are subject to the sworn statement on the return that they are true and correct to the best of the signer's knowledge and belief.

The CD-ROM or DVD should be labeled as Form 345-1 with the taxpayer's name, employer identification number, and taxable year.

Taxpayers may password protect the CD-ROM or DVD and email the password separately to MediaLibrarian@azdor.gov. Include "Form 345-1" in the subject line of the email. In the body of the email, include the same information that is on the CD-ROM or DVD label. Revenue **will not** return or copy any media.

CAUTION: The taxpayer substitutes the CD-ROM or DVD at its own risk and understands that the information may need to be provided to Revenue again at a later date if it is not accessible by Revenue for any reason.

NEW: For taxable years beginning from and after December 31, 2013, if a full-time employee in a qualified employment position left during the second or third taxable year that a credit for that position is being claimed, the employee may be replaced with another new full-time employee in the same employment position and the new employee will be treated as being in their second or third full year of continuous employment if (1) the total time the qualified employment position was vacant from the date the position was originally filled to the end of the current tax year totals 90 days or less, **and** (2) the new employee meets all of the same requirements as the original employee was required to meet. However, only one credit can be claimed for one employee for each qualified employment position, even if there was more than one replacement for the same position during the taxable year. See the example on page 3.

FORM 345-1, LINE 3a - Check the applicable box for the credit year that you are claiming a credit for this employee.

FORM 345-1, LINE 3b - Check the applicable box to indicate whether this employee is a replacement of another employee who left a qualified employment position in the second or third year that you are claiming a credit.

FORM 345-1, LINE 3c - If the answer to line 3b is "Yes", check the applicable box on line 3c to indicate if the total time the position was vacant from the date the employment position was originally filled to the end of the current tax year totals 90 days or less.

FORM 345-1, LINE 3d - If the answer to line 3c is "Yes", enter the name of the replaced employee, his or her social security number, and termination date.

Example: ABC Company began operations on January 1, 2013 and hired Employee A, B, and C at a different time period for the same qualified employment position that qualifies for the credit for new employment. ABC Company is a calendar year filer.

Employee	Hire Date	Termination Date
Employee A	May 1, 2013	January 31, 2014
Employee B	March 1, 2014	October 31, 2014
Employee C	December 1, 2014	December 31, 2015

Tax year 2013 (credit year 1): ABC Company was eligible to claim a credit for Employee A for the qualified employment position.

Tax year 2014 (credit year 2): ABC Company is eligible to claim only one credit for one employee (Employee A, Employee B, **OR** Employee C) for the same qualified employment position. The total time the position was vacant from the date the position was originally filled to the end of the current taxable year totals 58 days (28 days in February plus 30 days in November), which is less than 90 days.

Tax year 2015 (credit year 3): ABC Company is eligible to claim a credit for Employee C.

FORM 345-1, LINE 4a - List the employee's current date of employment.

FORM 345-1, LINE 4b - If the employee was terminated before the end of the taxable year, list the employee's termination date.

FORM 345-1, LINE 4c - If the employee was terminated and was replaced by a new hire in the same qualified employment position, check the box for "Yes" and enter the name of the new hire, his or her social security number, and hire date.

FORM 345-1, LINES 5a, 5b, 5c AND 5d - Complete these lines if the employee was previously employed by the business (prior to the current employment), or relocated from out-of-state.

FORM 345-1, LINE 6b - Enter the number of hours actually worked by the employee. Include paid time off for holidays, vacation, or sick. Do not include bonuses or over-time.

FORM 345-1, LINES 9a and 9b - On line 9a, enter the total amount of the insurance premium or membership cost provided for the employee. If the business is self-insured, enter the total amount of a predetermined fixed cost for the employee for an insurance program that is payable whether or not the employee has filed claims. On line 9b, enter the total amount of the insurance premium or membership cost paid by the employer.

FORM 345-1, LINES 11a and 11b - Arizona's statutes do not require that the employee who is claimed in the second and third years of continuous employment be the same employee who was claimed in the first and second years of employment. Therefore, if one of the originally claimed new employees leaves employment, the business can claim the subsequent years' credits for another employee in a qualified employment position who is in the same year of continuous employment as the departed employee.

If the employee is being substituted for another employee, check the "Yes" box on line 11a, and enter the date of substitution on line 11b.

FORM 345-2

List each employee in a qualified employment position. Do not list employees that are not in qualified positions.

FORM 345-2, COLUMN (d)

Check this box to indicate the qualified employment positions for which the taxpayer is claiming the credit.

Generally, the number of second year credits claimed this taxable year cannot exceed the number of first year credits claimed in the prior taxable year. Similarly, the number of third year credits claimed this taxable year cannot generally exceed the number of second year credits claimed in the prior taxable year.

FORM 345-2, LINE 24

The totals on line 24 must include only the qualified employment positions for which the taxpayer is claiming the credit. These employees would be listed on lines that have a checkmark in column (d).

FORM 345

Part 2 - Qualification for Credit and Credit Calculation

Line 5 -

If the taxpayer received a Certification from Commerce, check the "Yes" box. Otherwise, check the "No" box and skip lines 6 through 9.

Line 6 -

In column (a), enter the number of employees in first year or partial year of employment in a qualified employment position, as certified by Commerce for the business for this taxable year. Multiply the number in column (a) by $3,000 and enter the result in column (b).

Line 7 -

In column (a), enter the number of employees in the second year of continuous employment in a qualified employment position as certified by Commerce for the business for this

taxable year. Multiply the number in column (a) by $3,000 and enter the result in column (b).

Line 8 -

In column (a), enter the number of employees in the third year of continuous employment in a qualified employment position as certified by Commerce for the business for this taxable year. Multiply the number in column (a) by $3,000 and enter the result in column (b).

Line 9 -

Enter the sum of the numbers on lines 6, 7 and 8 in each column. The number in column (a) is the total number of employees certified by Commerce for the business for this taxable year. The amount in column (b) is the current year's credit for new employment.

Part 3 - Qualification for Credit and Credit Amount Passed Through From S Corporations and Partnerships

Line 10 -

Did an entity from which you are claiming a pass through credit for new employment receive a Certification from Commerce? If so, check the "Yes" box. Otherwise, check the "No" box and skip lines 11 through 15.

Line 11 -

If you checked the "Yes" box on line 10, enter the name of the entity that received the Certification from Commerce, and its taxpayer identification number on line 11.

Line 12 -

Enter your share of the credit for employees in first year or partial year of employment in a qualified employment position. Enter the amount from the S corporation's Form 345, Part 5, line 24 or the partnership's Form 345, Part 6, line 30.

Line 13 -

Enter your share of the credit for employees in the second year of continuous employment in a qualified employment position. Enter the amount from the S corporation's Form 345, Part 5, line 25 or the partnership's Form 345, Part 6, line 31.

Line 14 -

Enter your share of the credit for employees in the third year of continuous employment in a qualified employment position. Enter the amount from the S corporation's Form 345, Part 5, line 26 or the partnership's Form 345, Part 6, line 32.

Line 15 -

Enter the total of lines 12, 13 and 14. This is your share of the current year's credit for new employment.

Part 4 - Current Taxable Year's Credit

If you checked "No" to the question on line 10 and skipped lines 11 through 15, enter the amounts from Part 2, lines 6 through 9, column (b) in Part 4, lines 16 through 19, respectively.

If you checked "No" to the question on line 5, but checked "Yes" to the question on line 10, enter the amounts from Part 3, lines 12 through 15 in Part 4, lines 16 through 19, respectively.

If credit amounts are included in both Part 2 and Part 3, total those amounts in Part 4 using the instructions that follow.

Line 16 -

Enter the total of line 6, column (b) and line 12.

Line 17 -

Enter the total of line 7, column (b) and line 13. Generally, the amount on line 17 cannot exceed the amount of first year credits claimed in the prior year.

Line 18 –

Enter the total of line 8, column (b) and line 14. Generally, the amount on line 18 cannot exceed the amount of second year credits claimed in the prior year.

Line 19 -

Enter the total of lines 16, 17 and 18. This is the current year's credit for new employment.

Part 5 - S Corporation Credit Election and Shareholder's Share of Credit

Line 20 -

An S corporation must make an irrevocable election to either claim the credit itself or pass the credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to Arizona Form 120S. If the S corporation elects to claim the credit itself, it can skip lines 21 through 26 and complete Part 7 and Part 8.

If the S corporation elects to pass the credit through to its shareholders, it must first complete Form 345, Parts 1, 2, and 4. If the S corporation received a pass through credit from a partnership, it must also complete Part 3. The S corporation must then complete Part 5, lines 21 through 26, separately for each shareholder.

Lines 21 through 26 -

If the S corporation elects to pass the credit through to its shareholders, it must complete lines 21 through 26 separately for each shareholder. The amounts in lines 24 through 26 will be used by shareholders who receive pass-through credits from more than one entity.

Each S corporation shareholder is entitled to only a pro rata share of pass-through credit based on ownership interest in the S corporation. The total of the credit allowed to all shareholders may not exceed the amount that would have been allowed for a sole owner.

The S corporation must furnish each shareholder with a copy of the Certification from Commerce and pages 1 through 3 of Form 345. Each shareholder must complete Part 7 and Part 8.

NOTE: *Taxpayers who are partners or shareholders in multiple entities claiming the credit must complete a schedule detailing the amount of the credit passed through from each partnership or S corporation, and include the schedule with their tax returns.*

Part 6 - Partner's Share of Credit

Lines 27 through 32 -

Complete Part 4, lines 27 through 32, separately for each partner. The amounts in lines 30 through 32 will be used by partners who receive pass-through credits from more than one entity or partners who will pass the credit to their partners or S corporation shareholders (i.e. a tiered partnership).

Each partner is entitled to only a pro rata share of the credit based on the partner's ownership interest in the partnership. The total of the credit allowed to all partners may not exceed the amount that would have been allowed for a sole owner.

The partnership must furnish each partner with a copy of the Certification from Commerce and pages 1 through 3 of Form 345. Each partner must complete Part 7 and Part 8.

NOTE: *Taxpayers who are partners or shareholders in multiple entities claiming the credit must complete a schedule detailing the amount of the credit passed through from each partnership or S corporation, and include the schedule with their tax returns.*

Part 7 - Available Credit Carryover

The taxpayer who is utilizing the credit carryover should complete Part 7 only if its allowable credit for new employment for qualified employment positions for prior taxable years exceeded its Arizona income tax liability for those taxable years.

Enter the taxable year(s) from which you are carrying over the credit on line 33 in columns (a) through (e). On line 34, enter the credit originally computed for that taxable year. On line 35, enter the amount of the credit from that taxable year already used. Subtract the amount on line 35 from the amount on line 34 and enter the difference on line 36.

On line 37, enter the amount of the credit that is unallowable because the business changed ownership. Subtract the amount entered on line 37 from line 36, and enter the difference on line 38.

Line 39 -

Add the amounts from columns (a) through (e) on line 38 and enter the total in column (f) on line 39. This is the total credit for new employment carryover available from prior taxable years.

Part 8 - Total Available Credit

Line 40 -

Individuals, corporations (including S corporations that elected to claim the credit), and exempt organizations with UBTI - enter the amount from Part 4, line 19.

S corporation shareholders - enter the amount from Part 5, line 23.

Partners of a partnership - enter the amount from Part 6, line 29.

This is the current year's credit for new employment.

Line 41 -

Enter the amount from Part 7, line 39, column (f). This is the total available credit carryover for new employment.

Line 42 -

Add line 40 and line 41 and enter the total. This is the total available credit for new employment for qualified employment positions that may be applied to the current year's tax liability.

Corporations, exempt organizations with UBTI, and S corporations - enter the total here and on Form 300, Part 1, line 20, column (c).

Individuals - enter the total here and on Form 301, Part 1, line 26, column (c).

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Arizona Form **346**

Additional Credit for Increased Research Activities for Basic Research Payments

2014

Include with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y.

Name as shown on Form 140, 140PY, 140NR, 140X, 99T, 120, 120A, 120S, 120X, or 165	Social Security or Employer Identification Number

Part 1 Qualification for Additional Credit

1 Did you receive a Letter of Approval from the Arizona Department of Revenue? ..... ☐ Yes ☐ No
If "Yes", include a copy. If "No", skip line 2.

2 Enter the credit amount on the Letter of Approval from the Arizona Department of Revenue for this taxable year ..... 2 ____ 00

3 Did an entity from which you are claiming a pass through additional credit for increased research activities for basic research payments receive a Letter of Approval from the Arizona Department of Revenue? If "Yes", include a copy. If "No", skip line 4 and line 5..... ☐ Yes ☐ No

4 Enter the name of the entity that received the Letter of Approval from the Arizona Department of Revenue and its identification number. Be sure to include a copy of the Letter of Approval.
Name: _____
TIN: _____

5 Enter your share of the credit amount on the Letter of Approval from the Arizona Department of Revenue for this taxable year. See instructions ..... 5 ____ 00

Part 2 Current Taxable Year's Credit Calculation

6 Basic research payments paid to qualified organizations. See instructions ..... 6 ____ 00

7 Qualified organization base period amount ..... 7 ____ 00

8 Subtract line 7 from line 6. If less than zero, enter zero ..... 8 ____ 00

9 Multiply line 8 by 10% (.10). Enter the result. Cannot exceed the amount on line 2 ..... 9 ____ 00

Part 3 Current Taxable Year's Credit Passed Through From Partnerships and S Corporations

10 Total amount of credit passed through from partnerships and S corporations. Cannot exceed the amount on line 5. Include copies of Form(s) 346 to your tax return ..... 10 ____ 00

11 **Total Credit:** Add line 9 and line 10. Enter the total. **This is your current year's additional credit for increased research activities for basic research payments**..... 11 ____ 00

Part 4 S Corporation Credit Election and Shareholder's Share of Credit

12 The S corporation has made an irrevocable election for the taxable year ending M M D D Y Y Y Y to (check only one box):

☐ Claim the additional credit for increased research activities for basic research payments as shown on Part 3, line 11 (for the taxable year mentioned above);

OR

☐ Pass the additional credit for increased research activities for basic research payments as shown on Part 3, line 11 (for the taxable year mentioned above) through to its shareholders.

Signature _____ Title _____ Date _____

If passing the credit through to the shareholders, complete lines 13 through 15 separately for each shareholder. Also complete line 16 or line 17, as applicable, separately for each shareholder. Provide a copy of the Letter of Approval to each shareholder. Furnish each shareholder with a copy of pages 1 and 2 of Form 346.

13 Name of shareholder: _____

14 Shareholder's TIN: _____

15 Shareholder's share of the amount on Part 3, line 11..... 15 ____ 00

16 Shareholder's share of the amount on Part 1, line 2 ..... 16 ____ 00

17 Shareholder's share of the amount on Part 1, line 5 ..... 17 ____ 00

Continued on page 2 ➔

Name (as shown on page 1)	TIN

Part 5 Partner's Share of Credit

Complete lines 18 through 20 separately for each partner. Also complete line 21 or line 22, as applicable, separately for each partner. Provide a copy of the Letter of Approval to each partner. Furnish each partner with a copy of pages 1 and 2 of Form 346.

18 Name of partner: _____

19 Partner's TIN: _____

20	Partner's share of the amount on Part 3, line 11	**20**	00
21	Partner's share of the amount on Part 1, line 2	**21**	00
22	Partner's share of the amount on Part 1, line 5	**22**	00

Part 6 Available Credit Carryover

	(a) Taxable Year	(b) Original Credit Amount	(c) Amount Previously Used or Expired	(d) Available Carryover: Subtract column (c) from column (b).
23		00	00	00
24		00	00	00
25		00	00	00
26		00	00	00
27		00	00	00

28	TOTAL AVAILABLE CARRYOVER: Add lines 23 through 27 in column (d)	**28**	00

Part 7 Total Available Credit

29 Current year's credit:
- Corporations, exempt organizations with UBTI, or S corporations: Enter the amount from Part 3, line 11.
- S corporation shareholders: Enter the amount from Part 4, line 15.
- Partners of a partnership: Enter the amount from Part 5, line 20 ..... **29** 00

Individuals: Also enter this amount on Form 301, line 27, column (a).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Form 300, line 21, column (a).

30 Available credit carryover from Part 6, line 28, column (d) **30** 00
Individuals: Also enter this amount on Form 301, line 27, column (b).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Form 300, line 21, column (b).

31 **Total available credit:** Add lines 29 and 30 ..... **31** 00
Individuals: Also enter this amount on Form 301, Part 1, line 27, column (c).
Corporations, exempt organizations with UBTI, and S corporations: Also enter this amount on Form 300, Part 1, line 21, column (c).

2014 Additional Credit for Increased Research Activities for Basic Research Payments

Arizona Form 346

CONTACTS FOR ADDITIONAL CREDIT FOR INCREASED RESEARCH ACTIVITIES FOR BASIC RESEARCH PAYMENTS

Arizona Department of Revenue

•Tax forms and instructions •Information and assistance

Website: **www.azdor.gov**

Taxpayer assistance	(602) 255-3381
From area codes 520 and 928, toll-free	(800) 352-4090

General Instructions

Arizona Revised Statutes (A.R.S.) §§ 43-1074(A)(1)(d) and 43-1168(A)(1)(c) provide an additional income tax credit for increased research activities for basic research payments made to a university under the jurisdiction of the Arizona Board of Regents. The credit is available to individuals and corporations for taxable years beginning from and after December 31, 2011.

This credit is available to individuals, corporations, exempt organizations with unrelated business taxable income (UBTI), and S corporations using the credit to offset tax incurred at the corporate level. S corporations or partnerships may pass the credit through to their shareholders or partners.

The credit is available to an exempt organization that is subject to corporate income tax on UBTI. The credit must result from the activities that generate UBTI.

Taxpayers must be certified by the Arizona Department of Revenue (Revenue) before claiming the credit. The credit is limited to $10 million in total credits in a calendar year. Visit the department's Tax Credit web page for information on the application process or to obtain an application: www.azdor.gov/taxcredits.aspx.

The additional credit for increased research activities for basic research payments is in addition to the credit for increased research activities, claimed on Arizona Form 308 for corporations or Arizona Form 308-I for individuals, with respect to the same basic research payments.

The additional credit for increased research activities for basic research payments is in lieu of the solar liquid fuel credit under A.R.S. §§ 43-1081.01 or 43-1164.02 (claimed on Arizona Form 344) with respect to the same basic research payments.

The additional tax credit is allowed in an amount computed pursuant to Internal Revenue Code (IRC) § 41(e) with the following exceptions:

- For purposes of the additional Arizona tax credit, only basic research payments, as defined in IRC § 41(e), which are made to a university under the jurisdiction of the Arizona Board of Regents, are included.
- The taxpayer must make basic research payments during the taxable year to a university under the jurisdiction of the Arizona Board of Regents, for research completed by the same university.
- The terms "basic research payments" and "qualified organization base period amount" have the same meanings prescribed by IRC § 41(e), without regard to whether the taxpayer is or is not a corporation.
- The amount of the credit is based on the federal regular credit computation method for basic research payments. Taxpayers CANNOT use the federal alternative credit computation method. The allowable current taxable year credit is 10% of the excess, if any, of the basic research payments over the qualified organization base period amount for the taxable year.
- If two or more taxpayers, including shareholders of an S corporation and partners in a partnership, share in the eligible expenses, each taxpayer is eligible to receive a proportionate share of the credit.
- The termination provisions of IRC § 41 do not apply.

CORPORATE TAXPAYERS: If two or more members of a unitary group or an Arizona affiliated group incur qualifying basic research payments, the individual members of the group are not considered separate taxpayers. When a combined return or a consolidated return is filed, the unitary group or the Arizona affiliated group is considered a single taxpayer.

If the current taxable year's credit exceeds the taxpayer's tax liability for the taxable year, the taxpayer may carry forward the unused credit to the next five consecutive taxable years. The credit is not refundable.

Specific Instructions

Complete the name and taxpayer identification number section at the top of the form. Indicate the period covered by the taxable year. Include the completed form with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, an exempt organization with UBTI, an S corporation or partnership is the taxpayer's employer identification number. The TIN for an individual is the taxpayer's social security number or an Internal Revenue Service individual taxpayer identification number. Taxpayers that fail to include their TIN may be subject to a penalty.

Part 1 - Qualification for Additional Credit

Line 1 -

If the taxpayer applied to Revenue and received a Letter of Approval related to the additional credit for increased research activities for basic research payments, check the "Yes" box. Otherwise, check the "No" box and skip line 2.

Line 2 -

If you checked the "Yes" box on line 1, enter the credit amount on your Letter of Approval from Revenue for taxable year 2014.

Line 3 -

If an entity from which you are claiming a pass through credit applied to Revenue and received a Letter of Approval related to the additional credit for increased research activities for basic research payments, check the "Yes" box. Otherwise, check the "No" box and skip lines 4 and 5.

Line 4 -

If you checked the "Yes" box on line 3, enter the entity's name and taxpayer identification number on the entity's Letter of Approval from Revenue for taxable year 2014.

Line 5 -

If you checked the "Yes" box on line 3, enter your share of the credit amount on the entity's Letter of Approval from Revenue for taxable year 2014.

Part 2 - Current Taxable Year's Credit Calculation

Line 6 -

Taxpayers may be eligible for an additional credit for basic research if their payments made in cash to a qualified university under the jurisdiction of the Arizona Board of Regents (pursuant to a written contract) for research conducted in Arizona exceeds a base period amount. Enter the amount of such payments on line 6.

Line 7 -

Enter the qualified organization base period amount as defined by IRC § 41(e) that is based on qualified basic research payments. The amount on line 7 (but not more than the amount on line 6), although not eligible for the additional basic research credit, may be eligible for the basic research credit for corporations on Form 308 and may be eligible to be treated as contract research expenses on Form 308 or Form 308-I.

Line 9 -

Enter the lesser of 10% of line 8 or the amount on line 2.

Part 3 - Current Taxable Year's Credit Passed Through From Partnerships and S Corporations

Line 10 -

Enter the total amount of credit(s) passed through from partnership(s) and/or S corporation(s). Include a copy of Form(s) 346 and the Letter(s) of Approval received from partnership(s) and/or S corporation(s). The amount on line 10 cannot exceed the amount on line 5.

Line 11 -

Enter the total of lines 9 and 10. This is your total additional credit for increased research activities for basic research payments.

Part 4 - S Corporation Credit Election and Shareholder's Share of Credit

Line 12 - S Corporation Credit Election

S corporations must complete line 12. The S corporation must make an irrevocable election to either claim the current taxable year's credit or pass the credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to Arizona Form 120S. If the S corporation elects to claim the credit itself, it can skip lines 13 through 17 and complete Part 6 and Part 7, as applicable.

Lines 13 through 17 -

If an S corporation elects to pass the credit through to its shareholders, it must also complete lines 13 through 15.

After the S corporation completes Parts 1, 2 and 3, it must complete Part 4, lines 13 through 15, separately for each shareholder. The S corporation may also have to complete line 16 or line 17, as applicable, separately for each shareholder. The S corporation must furnish each shareholder with a copy of pages 1 and 2 of Form 346 and the Letter of Approval. Each shareholder would complete Part 6 and Part 7, as applicable.

Part 5 - Partner's Share of Credit

Lines 18 through 22 -

After a partnership completes Parts 1, 2 and 3, it must complete Part 5, lines 18 through 20, separately for each partner. The partnership may also have to complete line 21 or line 22, as applicable, separately for each partner. The partnership must furnish each partner with a copy of pages 1 and 2 of Form 346 and the Letter of Approval. Each partner would complete Part 6 and Part 7, as applicable.

Part 6 - Available Credit Carryover

The unused additional credit for increased research activities for basic research payments may be carried forward to the next five consecutive taxable years.

Use Part 6 to calculate the available credit carryover. Complete lines 23 through 28 if you claimed the additional credit on a prior year return and your credit was more than your tax.

Enter the taxable year(s) from which you are carrying over the additional credit in column (a) on lines 23 through 27. In column (b), enter the credit originally computed for that taxable year. In column (c), enter the amount of the credit from that taxable year which you have already used. Subtract the amount in column (c) from the amount in column (b) and enter the difference in column (d). Add the amounts entered on lines 23 through 27 in column (d). Enter the total on line 28, column (d). This is the available credit carryover available for the current taxable year.

Part 7 - Total Available Additional Credit

Complete this section to compute the total available additional credit for the taxable year. The total available credit is the sum of the credit for the current taxable year and the available credit carryover(s).

Line 29 -

Enter the additional credit for the current taxable year.

Corporations (including S corporations that elected to claim the credit) and exempt organizations with UBTI - enter the amount from Part 3, line 11.

S corporation shareholders - enter the amount from Part 4, line 15.

Partners of a partnership - enter the amount from Part 5, line 20.

Line 30 -

Enter the credit carryover amount from Part 6, line 28, column (d).

Line 31 -

Add the amounts from line 29 and line 30. This is the total available additional credit for increased research activities for basic research payments that may be applied to the current taxable year's tax liability. Enter the total here.

Corporations, exempt organizations with UBTI, and S corporations - enter the total available credit on Arizona Form 300, Part 1, line 21, column (c).

Individuals - enter the total available credit on Arizona Form 301, Part 1, line 27, column (c).

Arizona Form **347**

Credit for Qualified Health Insurance Plans

2014

Include with your return.

To claim this credit, the taxpayer must employ at least 2 and not more than 50 employees who are Arizona residents.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Your Name as shown on Form 140, 140PY, 140NR, 140X, 99T, 120, 120A, 120S, 120X or 165	Your Social Security or Employer Identification Number
Spouse's Name as shown on Form 140, 140PY, 140NR, 140X (if a joint return)	Spouse's Social Security Number

Part 1 Business Information

1 Business name:

2 Business location:

3 Employer Identification Number:

Part 2 Credit Computation

4	Number of qualified employees enrolled in a qualified health insurance plan for which you have paid at least $360	4	
5	Allowable credit per employee	5	360 00
6	Multiply the number on line 4 by the amount on line 5	6	00

Part 3 S Corporation Credit Election and Shareholder's Share of Credit

7 The S corporation has made an irrevocable election for the taxable year ending M M D D Y Y Y Y to (***check only one box***):

☐ Claim the credit for qualified health insurance plans, as shown on Part 2, line 6 for the taxable year mentioned above;
OR
☐ Pass the credit for qualified health insurance plans, as shown on Part 2, line 6 for the taxable year mentioned above, through to its shareholders.

Signature Title Date

If passing the credit through to the shareholders, complete lines 8 through 10 separately for each shareholder. Furnish each shareholder with a copy of pages 1 and 2 of Form 347.

8 Name of shareholder:

9 Shareholder's TIN:

10 Shareholder's share of the amount on Part 2, line 6 ..... 10 00

Part 4 Partner's Share of Credit

Complete lines 11 through 13 separately for each partner.
Furnish each partner with a copy of pages 1 and 2 of Form 347.

11 Name of partner:

12 Partner's TIN:

13 Partner's share of the amount on Part 2, line 6 ..... 13 00

Continued on page 2 ➔

Your Name (as shown on page 1)	Your Social Security or Employer Identification Number

Part 5 Available Credit Carryover

	(a) Taxable Year from which you are carrying a credit	(b) Original Credit Amount	(c) Amount Previously Used	(d) Available Carryover: Subtract column (c) from column (b).
14	2012	00	00	00
15	2013	00	00	00
16				
17	TOTAL AVAILABLE CARRYOVER: Add lines 14 and 15 in column (d).....			00

Part 6 Total Available Credit

18 Current year's credit:

- Individuals, corporations, S corporations that are claiming the credit, or exempt organizations with UBTI: Enter the amount from Part 2, line 6.
- S corporation shareholders: Enter the amount from Part 3, line 10.
- Partners of a partnership: Enter the amount from Part 4, line 13 ..... **18** 00

Individuals: Also enter this amount on Arizona Form 301, Part 1, line 28, column (a).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Arizona Form 300, Part 1, line 22, column (a).

19 Available carryover from Part 5, line 17, column (d)..... **19** 00

Individuals: Also enter this amount on Arizona Form 301, Part 1, line 28, column (b).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Arizona Form 300, Part 1, line 22, column (b).

20 Total Available Credit: Add lines 18 and 19 and enter the total **20** 00

Individuals: Enter this total on Arizona Form 301, Part 1, line 28, column (c).
Corporations, including S corporations that are claiming the credit and exempt organizations with UBTI: Also enter this amount on Arizona Form 300, Part 1, line 22, column (c).

Your Name (as shown on Form 347 page 1)	Your Social Security or Employer Identification Number

Page _____ of _____

Form 347-1 Qualified Employees for Which You Are Claiming a Credit 2014

(To qualify, the amount in column (c) must be at least $360 for each employee listed.)

	(a) Name of Qualified Employee (must be an Arizona resident)	(b) Social Security Number	(c) Employer's Amount of Expenses for: • Employee's Qualified Health Insurance Plan, and • Employee's Health Savings Account	
1				00
2				00
3				00
4				00
5				00
6				00
7				00
8				00
9				00
10				00
11				00
12				00
13				00
14				00
15				00
16				00
17				00
18				00
19				00
20				00

21 Number of Qualified Employees:
Enter the total number of qualified employees here and on page 1, line 4. If you are claiming the credit for more than 20 employees, enter the total from all schedules... **21**

If you have more than 20 qualifying employees, include additional schedules.

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2014 Credit for Qualified Health Insurance Plans

Arizona Form 347

Phone Numbers

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 and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

Publications and Brochures

To view or print the department's publications and brochures, go to our website and click on *Publications*.

General Instructions

For taxable years beginning on or after January 1, 2012 through December 31, 2014, Arizona law provides a credit for employers who provide qualified health insurance plans or contributions to health savings accounts (HSA) for its employees who are Arizona residents.

This credit is available to individuals, corporations, and S corporations. A partnership may pass the credit through to its partners. An S corporation may pass the credit through to its shareholders. The total of the credits allowed all of the owners of the business may not exceed the amount that would have been allowed for a sole owner of the business.

This credit is also available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from activities that generate UBTI.

To be eligible, the HSA must be an HSA that is established under Internal Revenue Code (IRC) § 223. A qualified health insurance plan is a high deductible plan that includes catastrophic health care coverage and that is established in conjunction with an HSA.

The amount of the credit is $360 for every qualified employee who is enrolled in the qualified health insurance plan.

You cannot take a deduction for the same expenses for which you claim a credit. You must add-back the amount of expenses claimed for the taxable year to your Arizona gross income.

If the allowable credit exceeds your income tax liability, you may carry over any unused amount to the next three consecutive taxable years' income tax liability.

To qualify for the credit, the employer must:

1. Have not provided health insurance coverage to its employees for the 90 days immediately preceding the offer of the qualified health insurance plan in the taxable year in which the employer initially claims the credit.
2. Offer the qualified health insurance plan to every employee.
3. Pay at least $360 during the taxable year for health insurance premiums or contributions to a health savings account for every qualified employee who is enrolled in the qualified health insurance plan.
4. Provide the health insurance plan to the enrolled employee for at least twelve (12) consecutive months.
5. Employ at least 2 and not more than 50 employees who are residents of Arizona.

Line-by-Line Instructions

Enter your name and Social Security Number (SSN) as shown on Arizona Forms 140, 140PY, 140NR, or 140X.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for an individual is the taxpayer's SSN or an Internal Revenue Service (IRS) individual taxpayer identification number (ITIN). Taxpayers that fail to include their identification number may be subject to a penalty.

Part 1 - Business Information

Lines 1 through 3-

Enter the name, address, and employer identification number of the business that employs qualifying employees.

Part 2 - Credit Computation

Before completing lines 4 though 6, complete Arizona Form 347-1. This is a list of all qualified employees for which you are claiming the credit. If you have more than 20 qualified employees, include a separate schedule.

Form 347-1 Qualified Employees for Which You Are Claiming a Credit

An eligible employee is an employee that is an Arizona resident who was not offered health insurance coverage for 90 days preceding the offer of the qualified health insurance plan. Although an employer must offer the qualified health insurance plan to every employee, list only those enrolled employees that qualify. For each employee who qualifies, provide the following information.

- In column (a), enter the qualified employee's name. The employee must be an Arizona resident.
- In column (b), enter the qualified employee's social security number.
- In column (c), enter the total amount the employer paid for the employee's qualified health insurance plan plus any amount contributed to the employee's health savings account. If the amount is less than $360, the employee does not qualify.

Enter the total number of qualified employees you are claiming for this credit on Form 347-1, line 21 and on Form 347, Part 2, page 1, line 4.

Lines 4 through 6 -

Complete lines 4 through 6 as instructed on the form.

Part 3 - S Corporation Credit Election and Shareholder's Share of Credit

Line 7 -

The S corporation must complete this portion of Form 347 in order for the S corporation or its shareholders to claim this credit. The S corporation must make an irrevocable election either to claim the credit or to pass the credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to the Arizona Form 120S.

Lines 8 through 10 -

If the S corporation elects to pass the credit through to its shareholders, it must also complete lines 8 through 10.

S corporations must complete Form 347, Parts 1 through 3. The S corporation must complete Part 3, lines 8 through 10, separately for each shareholder. Each shareholder may claim only a pro rata share of the credit based on the shareholder's ownership interest in the S corporation. The S corporation must furnish each shareholder with a copy of pages 1 and 2 of Form 347.

Each shareholder must complete Parts 5 and 6 of Form 347.

Part 4 - Partner's Share of Credit

Lines 11 through 13 -

Partnerships must complete Form 347, Parts 1 and 2. Then complete Part 4, lines 11 through 13, separately for each partner. Each partner may claim only a pro rata share of the credit based on the partner's ownership interest in the partnership. The partnership must furnish each partner with a copy of pages 1 and 2 of Form 347.

Each partner must complete Parts 5 and 6.

Part 5 - Available Credit Carryover

Lines 14 through 17 –

Use Part 5 to figure your total available credit carryover from taxable years 2012 and 2013.

Complete line 14 to figure your available credit carryover from taxable years 2012 and 2013 if you claimed the credit on your 2012 and/or 2013 return, and the credit was more than your tax.

- In column (b), enter the credit originally computed for the taxable year listed in column (a).
- In column (c), enter the amount of the credit from that taxable year which you have already used.
- In column (d), subtract the amount in column (c) from the amount in column (b) and enter the difference.
- Add the amounts entered on lines 14 through 16 in column (d).

Enter the total on line 17, column (d).

Part 6 - Total Available Credit

Line 18 -

Individuals, corporations, S corporations claiming the credit, or exempt organizations with UBTI, enter the amount from Part 2, line 6.

S corporation shareholders, enter the amount from Part 3, line 10.

Partners of a partnership, enter the amount from Part 4, line 13.

Line 19 -

Enter the amount from Part 5, line 17, column (d).

Line 20 -

Add lines 18 and 19. Enter the total.

Corporations, including S corporations claiming the credit and exempt organizations with UBTI, also enter the total available credit on Arizona Form 300, Part 1, line 22, column (c).

Individuals, also enter the total available credit on Arizona Form 301, Part 1, line 28, column (c).

Arizona Form **348**

Credit for Contributions to Certified School Tuition Organization - Individuals

2014

Include with your return.

For contributions that exceed the maximum allowable credit on Arizona Form 323

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y.

Your Name as shown on Form 140, 140NR, 140PY or 140X	Your Social Security Number
Spouse's Name as shown on Form 140, 140NR, 140PY or 140X (if joint return)	Spouse's Social Security Number

Before you can claim this credit, you must claim the maximum allowable credit on Arizona Form 323, Credit for Contributions to Private School Tuition Organizations. If you made contributions totaling more than the maximum allowable credit on Form 323, you may claim a credit on Form 348 for some or all of those contributions that exceed the maximum allowable credit on Form 323.

If you have a carryover amount(s) from a credit claimed on Form 348 from prior tax year(s), you do not have to claim the maximum allowable credit on Form 323 to only claim a carryover amount available on Form 348. See instructions under "Notice to All Taxpayers."

Part 1 Eligibility

		YES	NO
1a Are you claiming a current year's credit on your 2014 Form 323 for contributions to private school tuition organizations?	**1a**	☐	☐
• If you answered, "No", skip line 1b and go to line 1c. • If you answered, "Yes", complete line 1b.			
1b Did you make contributions in excess of the allowable credit claimed on Form 323?	**1b**	☐	☐
• If you answered, "No", **STOP**; do not complete this form. You cannot claim this credit. • If you answered, "Yes", complete this form to claim an allowable credit for the amount of contributions that exceed the amount of the allowable credit claimed on Form 323.			
1c Are you claiming only a carryover from Form 348 from prior tax year?	**1c**	☐	☐
• If you answered, "No", to lines 1a, 1b, and 1c, **STOP**, do not complete this form. • If you answered, "Yes", skip Part 2 and complete Part 3 and Part 4.			

Part 2 Current Year's Credit

List **all** qualifying school tuition organizations to which you made contributions during 2014 and from January 1, 2015 to April 15, 2015. You must include the school tuition organizations to which you made contributions and claimed a 2014 current year's credit on Form 323. If you made contributions to more than three school tuition organizations*, include a separate schedule*.

2 Name of school tuition organization:

Address of school tuition organization:

2a Contributions made from January 1, 2014 through December 31, 2014	**2a**		00
2b Contributions made from January 1, 2015 through April 15, 2015 for which you are claiming a credit on your 2014 return	**2b**		00
2c Total contributions made to organization named on line 2: Add lines 2a and 2b; enter the total	**2c**		00

3 Name of school tuition organization:

Address of school tuition organization:

3a Contributions made from January 1, 2014 through December 31, 2014	**3a**		00
3b Contributions made from January 1, 2015 through April 15, 2015 for which you are claiming a credit on your 2014 return	**3b**		00
3c Total contributions made to organization named on line 3: Add lines 3a and 3b; enter the total	**3c**		00

4 Name of school tuition organization:

Address of school tuition organization:

4a Contributions made from January 1, 2014 through December 31, 2014	**4a**		00
4b Contributions made from January 1, 2015 through April 15, 2015 for which you are claiming a credit on your 2014 return	**4b**		00
4c Total contributions made to organization named on line 4: Add lines 4a and 4b; enter the total	**4c**		00

Continued on page 2 ➔

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

Part 2 (Continued)

5	Add lines 2c, 3c, 4c, and any amounts from a separate schedule. Enter the total	5	00
6	Allowable credit claimed on Form 323 for the current year: Enter the amount from Form 323, Part 1, line 5	6	00
7	Potential credit: Subtract line 6 from line 5, and enter the difference	7	00
8	Single taxpayers or heads of household, enter $525. Married taxpayers filing joint, enter $1050	8	00
9	Current Year's Credit to Claim on Form 348: Enter the smaller of line 7 or line 8. In most cases, if you are married filing a separate return, enter one-half (1/2) of the smaller of line 7 or line 8. See instructions.	9	00

Part 3 Available Credit Carryover

	(a) Taxable Year from which you are carrying the credit	(b) Original Credit Amount	(c) Amount Previously Used	(d) Available Carryover: Subtract column (c) from column (b).
10	2012	00	00	00
11	2013	00	00	00
12				
13				
14				
15	TOTAL AVAILABLE CARRYOVER: Add lines 10 through 11 in column (d)			00

Part 4 Total Available Credit

16	Current year's credit: Enter the amount from Part 2, line 9 Enter this amount on Arizona Form 301, Part 1, line 29, column (a).	16	00
17	Available credit carryover from Part 3, line 15, column (d) Enter this amount on Arizona Form 301, Part 1, line 29, column (b).	17	00
18	Total Available Credit: Add line 16 and line 17 Enter this amount on Arizona Form 301, Part 1, line 29, column (c).	18	00

2014 Credit for Contributions to Certified School Tuition Organization - Individuals

Arizona Form 348

(For contributions that exceed the maximum allowable credit on Arizona Form 323)

Phone Numbers

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 and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

Publications and Brochures

To view or print the department's publications and brochures, go to our website and click on *Publications*.

Notice to All Taxpayers

NOTE: *To claim this credit, you* ***must*** *first claim the maximum credit allowed on Arizona Form 323,* Credit for Contributions to Private School Tuition Organizations. *The amount of credit you must claim on Form 323 depends on your filing status. See Form 323 for these amounts.*

If you have a carryover amount(s) from a credit claimed on Form 348 from prior tax year(s), you do not have to claim the maximum allowable credit on Form 323 to only use a carryover amount on Form 348. If you are claiming only a carryover amount on Form 348, and are not claiming any current year's credit on Form 323, submit only Form 348.

For an example of how to calculate the current year credit and carryover credit, if any, see the last page of these instructions.

AZ Form 348 Credit Carryover Amount(s) from Prior Tax Year(s)

If you claimed an allowable credit on Form 348 on your 2012 and/or 2013 tax return and your 2012 and/or 2013 tax liability was less than your allowable credit, you may have a carryover amount available.

You may use the available credit carryover amount to reduce your 2014 tax liability even if you do not claim a credit on Form 323 for 2014.

General Instructions

Arizona law provides an individual income tax credit for the voluntary cash contributions made to a certified school tuition organization in order to improve education by raising tuition scholarships for children in Arizona. This credit is available only to individuals. Corporations may not claim this credit. A partnership may not pass the credit through to its partners. An S corporation may not pass the credit through to its shareholders.

The credit is equal to the amount contributed after the maximum amount that can be claimed on Form 323 is contributed. For 2014, the credit cannot exceed $525 for single taxpayers or heads of household. For married taxpayers that file a joint return, the credit cannot exceed $1,050. In most cases, for married taxpayers who file separate returns, each spouse may claim only one-half (1/2) of the credit that would have been allowed on a joint return.

NOTE: *The credit eligible contributions made to a certified school tuition organization from January 1, 2015 to April 15, 2015 may be claimed as a tax credit on either your 2014 or 2015 Arizona income tax return.*

If the allowable tax credit is more than your tax or if you have no tax, you may carry the unused credit forward for up to the next 5 consecutive taxable years' income tax liability.

A certified school tuition organization is an organization that meets **all** of the following.

- The organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code.
- The organization allocates at least 90% of its annual revenue for educational scholarships or tuition grants.
- The organization makes its scholarships or grants available to students of more than one qualified school.

A "*qualified school*" means a preschool that offers services to students with disabilities, nongovernmental primary or a secondary school that is located in Arizona. The school cannot discriminate on the basis of race, color, handicap, familial status, or national origin and requires all teaching staff and personnel that have unsupervised contact with students to be fingerprinted. A "*qualified school*" does not include a charter school or programs operated by a charter school. The primary school must begin with kindergarten and the secondary school must end with grade 12.

In the case of a preschool that offers services to students with disabilities, a "*student with disabilities*" is a student who has any of the following conditions.

- Hearing impairment
- Visual impairment
- Developmental delay
- Preschool severe delay
- Speech and/or language impairment

NOTE: *The Arizona Department of Revenue is required to certify school tuition organizations. The department maintains a list of currently certified school tuition organizations on its website at* www.azdor.gov.

To qualify for the credit, all contributions must be made to a certified school tuition organization. To determine if your

contributions made in 2014 and/or 2015, qualify for this credit, you should verify that the school tuition organization you made a contribution to is certified. For a list of school tuition organizations certified to receive donations for the individual income tax credit, see the department's website.

Your donation to the school tuition organization will not qualify for the credit if you designate the donation for the direct benefit of your dependent.

***NOTE**: Your donation will also not qualify if you designate a student beneficiary as a condition of your contribution to the school tuition organization. Additionally, the tax credit is not allowed if you agree with another person to designate each other's contributions to the school tuition organization for the direct benefit of each other's dependent, a practice commonly known as swapping.*

You cannot claim both a tax credit and an itemized deduction for the amount of contributions made to a certified school tuition organization for which you are claiming a credit. If you claim this credit in 2014 for a donation made from January 1, 2015, to April 15, 2015, you must make an adjustment on your Arizona Form 140; Schedule A, *Itemized Deduction Adjustments*, filed in 2015.

Before claiming this credit, make sure the school tuition organization issues you a receipt for the contributions. The receipt should show **all** of the following.

- The name and address of the school tuition organization
- The name of the taxpayer
- The amount paid
- The date paid

Please keep this receipt with your tax records.

***NOTE:** You may be able to make credit eligible contributions to a certified school tuition organization through payroll withholding. Check with your employer to see if your employer has agreed to withhold contributions that qualify for this credit from your pay.*

Line-by-Line Instructions

Enter your name and Social Security Number (SSN) as shown on Arizona Forms 140, 140PY, 140NR, or 140X.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for an individual is the taxpayer's SSN or an Internal Revenue Service (IRS) individual taxpayer identification number (ITIN). Taxpayers that fail to include their identification number may be subject to a penalty.

Part 1 - Eligibility

Lines 1a through 1c -

For lines 1a through 1c, follow the instructions on the form.

Part 2 - Current Year's Credit

***NOTE:** You must include **all** school tuition organizations to which you made contributions and for which you claimed a 2014 credit on Form 323.*

Line 2 -

Enter the name and address of the school tuition organization to which you made a contribution, and for which you are claiming a current year's credit.

- **Line 2a –** Enter the amount of contribution(s) made from January 1, 2014 through December 31, 2014.
- **Line 2b –** Enter the amount of contribution(s) made from January 1, 2015 through April 15, 2015.
- **Line 2c –** Add lines 2a and 2b and enter the total.

Lines 3 (a, b and c) and 4 (a, b, and c) –

Complete lines 3 and 4 following the instructions for lines 2 and 2a through 2c.

If you made contributions to more than 3 school tuition organizations, include a separate schedule. The schedule should show the same information required on lines 2 through 4.

Line 5 -

Add lines 2c, 3c, and 4c, and enter the total. Include the total from any separate schedule in the amount on line 5.

Line 6 -

Enter the amount of credit claimed on Arizona Form 323, Part 1, line 5.

Line 7 -

Subtract line 6 from line 5 and enter the difference. This is your potential credit amount.

Line 8 -

Single taxpayers and taxpayers filing as heads of household enter $525. Married taxpayers enter $1,050.

Line 9 - Current Year's Credit

Enter the smaller of line 7 or line 8. If you are married filing a separate return but could have filed a joint return, you may take only one-half (½) of the total credit that would have been allowed on a joint return, up to a maximum of $525 each. In this case, enter one-half (½) of the smaller of line 7 or line 8.

Part 3 - Available Credit Carryover

***Note:** Arizona law requires that a taxpayer must claim the maximum credit amount allowed on Arizona Form 323 before claiming a credit for excess contributions on Form 348.*

You do not have to claim a current year credit on Form 323 to only claim a credit carryover amount from prior taxable years on Form 348.

Lines 10 through 15 –

Use Part 3 to figure your total available credit carryover from taxable year 2012 and/or 2013.

Complete line 10 to figure your available credit carryover from taxable years 2012 and/or 2013 if you claimed the credit on your 2012 and/or 2013 return, and the credit was more than your tax.

- In column (b), enter the credit originally computed for that taxable year listed in column (a).
- In column (c), enter the amount of the credit from that taxable year which you have already used.
- In column (d), subtract the amount in column (c) from column (b) and enter the difference.
- Add the amounts on lines 10 through 14 in column (d).

Enter the total from column (d) on line 15.

Part 4 - Total Available Credit

Line 16 -

Enter the amount from Part 2, line 9.

Line 17 -

Enter the amount from Part 3, line 15, column (d).

Line 18 -

Add line 16 and line 17. Enter the total here and on Arizona Form 301, Part 1, line 29, column (c).

NOTE: *To claim this credit, you* ***must*** *first claim the maximum credit allowed on Arizona Form 323,* Credit for Contributions to Private School Tuition Organizations. *The amount of credit you must claim on Form 323 depends on your filing status. See Form 323 for these amounts.*

For example: During 2014, Mary, a single person, gave $1400 to a school tuition organization. Mary's tax liability for 2014 is $400. Mary claimed the maximum credit amount of $528 allowed on Arizona Form 323. Since Mary made a contribution that totaled more than the allowable credit on Arizona Form 323, she may take a credit, up to the maximum amount allowed, on Form 348 (for 2014, $525 for single or head or household; or $1,050 for married filing joint.)

For 2014, Mary would compute her **available current year's credit** for Form 348 as follows:

2014 total contributions made to school tuition organization	$ 1,400
Allowable credit claimed on Form 323 for tax year 2014	($ 528)
Contributions eligible to use for computing Form 348 credit	$ 872
Maximum allowable credit from Form 348 that Mary may claim for 2014	$ 525
Amount of the contributions exceeding the allowable credit. Mary may not use the amount of the gift, *$347*, which was more than the allowable $525 credit (*$872 minus $525*) to figure her credit on Form 348.	$ 347

Once Mary computes her credit, she must then determine how much of that credit may be applied to the current year's tax and how much, if any, may be carried over to a future year. In this case, Mary has already applied a credit (from Arizona Form 323) against her total tax liability of $400. Therefore, Mary will have a $525 carryover on Form 348 for the next taxable year.

Mary will compute her **2014 carryover credit** amount as follows:

Current Year's Credit		$ 525
Mary's 2014 tax liability	$ 400	
Tax credit used – from Arizona Form 323	($ 400)	
Balance of tax	$ 0	
Amount of current year credit used from Form 348 to off-set taxes		$ 0
Amount of current year credit from Form 348 available to carryover to next year.		$ 525

Mary may not carryover the $347 gift that was more than the allowable credit.

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Arizona Form **349**

Credit for Qualified Facilities

2014

Include this completed form and the Certification of Qualification from the Arizona Commerce Authority with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Name as shown on Form 140, 140PY, 140NR, 140X, 99T, 120, 120A, 120S, 120X, or 165	Social Security or Employer Identification Number

Part 1 Listing of Post-Approved Qualified Facilities and Apportioned Credit Amount

List qualified facilities for which you are entitled to claim a credit during this taxable year. If you have more than two facilities, include additional schedules. See instructions.

	(a) Arizona Commerce Authority Post-Approval Information			(b) Apportioned Credit Amount	
	(a)1 Allocation Year	(a)2 Post-Approval Date	(a)3 Post-Approval Number		
1	Y Y Y Y	M M D D Y Y Y Y			00
2	Y Y Y Y	M M D D Y Y Y Y			00
3	Aggregate total from all additional schedules			3	00
4	TOTAL: Add lines 1 through 3			4	00

Part 2 Credit Recapture

5	Date on which the Certification of the business as a qualified facility was terminated or revoked	5	M M D D Y Y Y Y
6	Total recapture of apportioned credit for qualified facility. Full amount of credits previously claimed or passed through to S corporation shareholders or partners of a partnership. Enter the amounts from Part 1, column (b) on Form 349 for the tax years prior to the date on line 5. If more than one Certification has been terminated or revoked, enter the aggregate amount	6	00

Part 3 S Corporation Credit Election and Shareholder's Share of Credit and Credit Recapture

7 The S corporation has made an irrevocable election for the taxable year ending M M D D Y Y Y Y to **(check only one box)**:

☐ Claim the credit for qualified facilities as shown on Part 1, line 4 (for the taxable year mentioned above);

OR

☐ Pass the credit for qualified facilities as shown on Part 1, line 4 (for the taxable year mentioned above), through to its shareholders.

Signature _____ Title _____ Date _____

If passing the credit through to the shareholders, complete lines 8 through 10 separately for each shareholder. If passing credit recapture through to the shareholders, complete line 11 separately for each shareholder. Furnish each shareholder with a copy of the Certification from Commerce and pages 1 and 2 of Form 349.

8 Name of shareholder: _____

9 Shareholder's TIN: _____

10	Shareholder's share of the apportioned credit for qualified facilities from Part 1, line 4	10	00
11	Shareholder's share of the credit recapture from Part 2, line 6	11	00

Continued on page 2 ➔

Name (as shown on page 1)	TIN

Part 4 Partner's Share of Credit and Credit Recapture

Complete lines 12 through 14 separately for each corporate partner. If passing credit recapture through to the partners, complete line 15 separately for each partner. Furnish each partner with a copy of the Certification from Commerce and pages 1 and 2 of Form 349.

12 Name of partner: _____

13 Partner's TIN: _____

14 Partner's share of the apportioned credit for qualified facilities from Part 1, line 4 ..... **14** _____ 00

15 Partner's share of the credit recapture from Part 2, line 6 ..... **15** _____ 00

Part 5 Credit Recapture Summary

16 Enter the taxable year(s) in which you took a credit for a business as a qualified facility whose Certification has been terminated or revoked:

_____

17 Enter the total amount of credit originally claimed on prior returns:

- Individuals, corporations, exempt organizations with UBTI, and S corporations: Enter the amount from Part 2, line 6.
- S corporation shareholders: Enter the amount from Part 3, line 11.
- Partners of a partnership: Enter the amount from Part 4, line 15 ..... **17** _____ 00

Corporations, exempt organizations with UBTI, and S corporations: Also enter this amount on Form 300, Part 2, line 29.
Individuals: Also enter this amount on Form 301, Part 2, line 36.

Part 6 Total Apportioned Credit Claimed This Taxable Year

18 Total apportioned credit for qualified facilities:

- Individuals, corporations, exempt organizations with UBTI, or S corporations: Enter the amount from Part 1, line 4.
- S corporation shareholders: Enter the amount from Part 3, line 10.
- Partners of a partnership: Enter the amount from Part 4, line 14 ..... **18** _____ 00

Corporations: Also enter this amount on Form 120, line 22; or Form 120A, line 14; or Form 120X, line 22.
Exempt organizations with UBTI: Also enter this amount on Form 99T, line 12.
S corporations: Also enter this amount on Form 120S, line 18.
Individuals: Also enter this amount on Form 140, line 57; or Form 140NR, line 64; or Form 140PY, line 69; or Form 140X, line 40.

2014 Credit for Qualified Facilities

Arizona Form 349

CONTACTS FOR QUALIFIED FACILITY TAX INCENTIVES PROGRAM	
Arizona Commerce Authority	
•Application forms •Program guidelines	
Website: **www.azcommerce.com**	
Program Manager	(602) 845-1200
Arizona Department of Revenue	
•Tax forms and instructions •Information and assistance	
Website: **www.azdor.gov**	
Taxpayer assistance	(602) 255-3381
From area codes 520 and 928, toll-free	(800) 352-4090

General Instructions

Arizona Revised Statutes (A.R.S.) §§ 43-1083.03 and 43-1164.04 provide refundable individual and corporate income tax credits for expanding or locating a qualified facility in this state. A "qualified facility" means a facility in this state that devotes at least 80% of the property and payroll at the facility to one or more of the following: (a) qualified manufacturing, (b) qualified headquarters, or (c) qualified research. The credit is effective for taxable years beginning from and after December 31, 2012 through December 31, 2019.

The credit is 10% of the lesser of (a) the taxpayer's total capital investment in the qualified facility or (b) $200,000 for each net new full-time employment position at the qualified facility. The credit is apportioned and claimed in five equal annual installments in each of five consecutive taxable years.

The credit for qualified facilities is in lieu of the following credits, with respect to the same employment positions:

- The credit for new employment, under A.R.S. §§ 43-1074 or 43-1161 (claimed on Arizona Form 345);
- The military reuse zone credit, under A.R.S. §§ 43-1079 or 43-1167 (claimed on Arizona Form 306); and
- The credit for renewable energy industry, under A.R.S. §§ 43-1083.01 or 43-1164.01 (claimed on Arizona Form 342).

In order to claim the credit for qualified facilities, a business must apply for and receive pre-approval from the Arizona Commerce Authority (Commerce). Commerce cannot pre-approve income tax credits for any one taxpayer in excess of $30 million in any calendar year. Commerce cannot pre-approve income tax credits in excess of $70 million annually between the credit for qualified facilities and the credit for renewable energy industry provided under A.R.S. §§ 41-1511, 43-1083.01 and 43-1164.01.

Once pre-approval is received, the business must incur at least $250,000 in qualifying investment within 12 months of pre-approval.

The tax year of pre-approval determines the "allocation year." The allocation year is the calendar year to which the credit was applied to the annual credit cap.

The business must enter into a managed review with Commerce prior to applying for post-approval. The business must obtain post-approval from Commerce prior to claiming the credit. The first fifth of the apportioned credit is claimed on the tax return that includes the post-approval date.

For example, Company A, is a calendar year filer. Company A received pre-approval from Commerce for a qualified facility on March 11, 2013, and received its post-approval on March 14, 2014. Because Company A completed everything necessary to earn the credit in calendar year 2014, the first fifth of the credit must be claimed on the tax return for calendar year 2014.

NOTE: *Each fifth of the credit for qualified facilities must be claimed on a timely filed original income tax return, including extensions. The credit may not be claimed on an amended return.* ***Failing to claim the apportioned credit on a timely filed return will result in loss of the apportioned credit for that taxable year.***

The amount of the credit for qualified facilities a taxpayer may claim can never exceed the amount that is on the post-approval from Commerce.

NOTE: *The business must submit a copy of the Certification of Qualification (Certification) from Commerce with Form 349 when claiming the credit.*

Co-owners of a business, including partners in a partnership and shareholders of an S corporation, may each claim only the pro rata share of the apportioned credit based on ownership interest. The total of the apportioned credits allowed to all such owners may not exceed the amount that would have been allowed for a sole owner of the business.

The credit is available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate UBTI.

Credit Recapture

During the pre-approval process with Commerce, the applicant must consent to adjustment or recapture of the income tax credit in the case of noncompliance with A.R.S. § 41-1512.

If, within five taxable years after first receiving the credit for qualified facilities, the Certification is rescinded by Commerce, the taxpayer is disqualified from the apportioned credits for subsequent taxable years and may be subject to recapture.

On a determination that the taxpayer has committed fraud or relocated outside of this state within five taxable years of first receiving a credit, all credits previously allowed are subject to recapture.

The recapture of the credit is computed by increasing the amount of taxes imposed in the year following the year of termination or revocation by the full amount of all credits previously allowed.

Specific Instructions

Complete the name and taxpayer identification number section at the top of the form. Indicate the period covered by the taxable year. Include the completed form with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, an exempt organization with UBTI, an S corporation, or a partnership is the taxpayer's employer identification number. The TIN for an individual is the taxpayer's social security number or an Internal Revenue Service individual taxpayer identification number. A taxpayer that fails to include its TIN may be subject to a penalty.

Part 1 - Listing of Post-Approved Qualified Facilities and Apportioned Credit Amount

Lines 1 through 4 -

In Part 1, list qualified facilities that Commerce has post-approved and that have apportioned credit amounts that are eligible to be claimed on this year's tax return. The first fifth of the credits for qualified facilities is to be claimed on the tax return that includes the post-approval date and must be filed timely, including extensions.

Write the allocation year in column (a)1. The allocation year is the calendar year to which the credit was applied to the annual credit cap. This date will be noted on the post-approval document received from Commerce. Commerce has assigned each facility a priority placement number, which should be the same on both pre-approval and post-approval documents. List this number in column (a)3. Enter the apportioned credit amount per the post-approval document in column (b).

If you do not have enough lines on the form to enter all of the apportioned credits required to be claimed this tax year, include a schedule that shows all of the information Part 1 requires. Enter the total apportioned credit amounts from all included schedules on line 3. Add lines 1 through 3, and enter the total on line 4. This is the total apportioned credit for qualified facilities for this year.

Part 2 - Credit Recapture

Lines 5 and 6 -

On line 5, list the date on which the Certification of the business was terminated or revoked. On line 6, enter the full amount of apportioned credits previously claimed.

Part 3 - S Corporation Credit Election and Shareholder's Share of Credit and Credit Recapture

Lines 7 through 11 -

S corporations must complete this portion of Form 349 in order for the S corporation or its shareholders to claim the credit. The S corporation must make an irrevocable election either to claim this taxable year's apportioned credit or to pass this taxable year's apportioned credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to Arizona Form 120S.

If the S corporation elects to pass this year's apportioned credit through to its shareholders, it must first complete Form 349, Part 1, then complete Part 3, lines 8 through 10, separately for each shareholder. Each S corporation shareholder is entitled to only a pro rata share of pass-through credit based on ownership interest in the S corporation. The total of the credits allowed to all shareholders may not exceed the amount that would have been allowed for a sole owner.

If the S corporation has been notified of a credit recapture for a credit it passed through to its shareholders, it must also complete Part 2 and then Part 3, line 11, separately for each shareholder.

The S corporation must furnish each shareholder with a copy of the Certification from Commerce and pages 1 and 2 of Form 349. Each shareholder would then complete Part 5, if applicable, and Part 6.

Part 4 - Partner's Share of Credit and Credit Recapture

Lines 12 through 15 -

A partnership must complete Form 349, Part 1, then complete Part 4, lines 12 through 14, separately for each partner.

Each partner is entitled to only a pro rata share of the credit based on the partner's ownership interest in the partnership. The total of the credits allowed to all partners may not exceed the amount that would have been allowed for a sole owner.

If the partnership has been notified of a credit recapture, it must also complete Part 2 and then Part 4, line 15, separately for each partner.

The partnership must furnish each partner with a copy of the Certification from Commerce and pages 1 and 2 of Form 349. Each partner would then complete Part 5, if applicable, and Part 6.

Part 5 - Credit Recapture Summary

Complete Part 5 as instructed on the form.

Part 6 - Total Apportioned Credit Claimed This Taxable Year

Line 18 -

Enter the current year's apportioned credit for qualified facilities.

Individuals, corporations (including S corporations that elected to claim the credit), and exempt organizations with UBTI - enter the amount from Part 1, line 4.

S corporation shareholders - enter the amount from Part 3, line 10.

Partners of a partnership - enter the amount from Part 4, line 14.

Also enter this amount and check the box for Form 349 on your tax return as instructed below:

Corporations - enter the amount on Form 120, line 22; or Form 120A, line 14; or Form 120X, line 22.

Exempt organizations with UBTI - enter the amount on Form 99T, line 12.

S corporations that elected to claim the credit - enter the amount on Form 120S, line 18.

Individuals - enter the amount on Form 140, line 57; or Form 140NR, line 64; or Form 140PY, line 69; or Form 140X, line 40.

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Arizona Form **351**

Credit for Renewable Energy Investment and Production for Self-Consumption by Manufacturers

2014

Include this completed form and the certification from the Arizona Department of Revenue with your return.

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Name as shown on Form 140, 140PY, 140NR, 140X, 99T, 120, 120A, 120S, 120X, or 165	Social Security or Employer Identification Number

Part 1 Qualification for and Current Taxable Year's Credit

Credit You Established in Current Year

1 Did you receive any certificate(s) directly from the Arizona Department of Revenue? ☐ Yes ☐ No
If "Yes", include a copy of the certificate(s). If "No", skip lines 2 and 3.

2 Enter the aggregate amount of credit on the certificate(s) from the Arizona Department of Revenue for this taxable year **2** 00

3 List the **facility code(s)** on the certificate(s) from the Arizona Department of Revenue for this taxable year:

FACILITY 1	FACILITY 2	FACILITY 3
FACILITY 4	FACILITY 5	

Pass-Through Credit You Received From a Pass-Through Entity in Current Year

4 Did an entity from which you are claiming a pass-through credit for renewable energy investment and production for self-consumption by manufacturers receive any certificate(s) from the Arizona Department of Revenue? ☐ Yes ☐ No
If "Yes", include a copy of the certificate(s). If "No", skip lines 5, 6, and 7.

5 Enter the name of the pass-through entity that received the certificate(s) from the Arizona Department of Revenue and its identification number. Be sure to include a copy of the certificate(s).
Name:
TIN:

6 Enter your share of the aggregate amount of credit on the certificate(s) from the Arizona Department of Revenue for this taxable year. See instructions..... **6** 00

7 List the **facility code(s)** on the copy of the certificate(s) provided by the pass-through entity for this taxable year:

FACILITY 1	FACILITY 2	FACILITY 3
FACILITY 4	FACILITY 5	

Total Credit

8 Add line 2 and line 6 and enter the total. This is your current year's credit for renewable energy investment and production for self-consumption by manufacturers. This amount cannot exceed $5,000,000 ..... **8** 00

Part 2 Credit Recapture

9 List the **facility code(s)** for the certificate(s) that was/were terminated or revoked in current year:

10 Total recapture of credit for renewable energy investment and production for self-consumption by manufacturers:
Enter the full amount of credits you previously established and used or the credits you established and passed through to S corporation shareholders or partners of a partnership **10**

Continued on page 2 ➔

Name (as shown on page 1)	TIN

Part 3 S Corporation Credit Election and Shareholder's Share of Credit

11 The S corporation has made an irrevocable election for the taxable year ending M M D D Y Y Y Y to **(check only one box)**:

☐ Claim the credit for renewable energy investment and production for self-consumption by manufacturers as shown on Part 1, line 8 (for the taxable year mentioned above);

OR

☐ Pass the credit for renewable energy investment and production for self-consumption by manufacturers as shown on Part 1, line 8 (for the taxable year mentioned above) through to its shareholders.

Signature _____ Title _____ Date _____

If passing the credit through to the shareholders, complete lines 12 through 14 separately for each shareholder. Also complete lines 15, 16, and 17, as applicable, separately for each shareholder. Provide a copy of the certificate(s) to each shareholder. Furnish each shareholder with a copy of Form 351.

12 Name of shareholder: _____

13 Shareholder's TIN: _____

14	Shareholder's share of the tax credit on Part 1, line 8	**14**	00
15	Shareholder's share of the amount on Part 1, line 2	**15**	00
16	Shareholder's share of the amount on Part 1, line 6	**16**	00
17	Shareholder's share of the amount on Part 2, line 10	**17**	

NOTE: Line 17 is the shareholder's share of the amount of credit that is subject to recapture. The actual amount of credit recapture should be the amount of credit the shareholder actually used on prior returns.

Part 4 Partner's Share of Credit

Complete lines 18 through 20 separately for each partner. Also complete lines 21, 22 and 23, as applicable, separately for each partner. Provide a copy of the certificate(s) to each partner. Furnish each partner with a copy of Form 351.

18 Name of partner: _____

19 Partner's TIN: _____

20	Partner's share of the tax credit on Part 1, line 8	**20**	00
21	Partner's share of the amount on Part 1, line 2	**21**	00
22	Partner's share of the amount on Part 1, line 6	**22**	00
23	Partner's share of the amount on Part 2, line 10	**23**	

NOTE: Line 23 is the partner's share of the amount of credit that is subject to recapture. The actual amount of credit recapture should be the amount of credit the partner actually used on prior returns.

Part 5 Credit Recapture Summary

24 Enter the taxable year(s) in which you took a credit for a facility whose certification has been terminated or revoked:

25a Enter the total amount of credit you established and used on prior returns:

- Individuals, corporations, exempt organizations with UBTI, and S corporations: Enter the amount from Part 2, line 10 ..... **25a**

25b Enter the total amount of credit you received from a pass-through entity and actually used on prior returns:

- S corporation shareholders: Enter the amount from Part 3, line 17 or the amount of credit you actually used on prior returns.
- Partners of a partnership: Enter the amount from Part 4, line 23 or the amount of credit you actually used on prior returns **25b**

25c Add line 25a and line 25b. Enter the total here **25c**

Also enter the amount on line 25c as instructed below:

- Individuals: Enter this amount on Form 301, Part 2, line 37.
- Corporations, exempt organizations with UBTI, or S corporations: Enter this amount on Form 300, Part 2, line 30.

Continued on page 3 ➔

Name (as shown on page 1)	TIN

Part 6 Available Credit Carryover

	Taxable Year Ending:	(a) M M D D Y Y	(b) M M D D Y Y	(c) M M D D Y Y	(d) M M D D Y Y	(e) M M D D Y Y
26	Original credit amount created.....					
27	Minus amount previously used.....					
28	Net available carryover.....					
29	Minus carryover disqualified.....					
30	Total available carryover for each year					

31 TOTAL AVAILABLE CARRYOVER: Add line 30, columns (a) through (e)..... 31

Part 7 Total Available Credit

32 Total current year's credit and pass-through credit:

- Individuals, corporations, exempt organizations with UBTI, or S corporations: Enter the amount of credit you established from Part 1, line 8.
- S corporation shareholders: Enter the amount of pass-through credit you received from the S corporation in Part 3, line 14.
- Partners of a partnership: Enter the amount of pass-through credit you received from the partnership in Part 4, line 20 ..... 32 00

Individuals: Also enter this amount on Form 301, line 30, column (a).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Form 300, line 23, column (a).

33 Available credit carryover from Part 6, line 31 33

Individuals: Also enter this amount on Form 301, line 30, column (b).
Corporations, S corporations, and exempt organizations with UBTI: Also enter this amount on Form 300, line 23, column (b).

34 **Total available credit:** Add line 32 and line 33 and enter the total here..... 34 00

Individuals: Also enter this amount on Form 301, Part 1, line 30, column (c).
Corporations, exempt organizations with UBTI, and S corporations: Also enter this amount on Form 300, Part 1, line 23, column (c).

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2014 Credit for Renewable Energy Investment and Production for Self-Consumption by Manufacturers

Arizona Form 351

CONTACTS FOR CREDIT FOR RENEWABLE ENGERY INVESTMENT AND PRODUCTION FOR SELF-CONSUMPTION BY MANUFACTURERS

Arizona Department of Revenue

• Tax forms and instructions • Information and assistance

Website: **www.azdor.gov**

Taxpayer assistance (602) 255-3381
From area codes 520 and 928, toll-free (800) 352-4090

General Instructions

Arizona Revised Statutes (A.R.S.) §§ 43-1083.04 and 43-1164.05 provide nonrefundable individual and corporate income tax credits for investment in new renewable energy facilities that produce energy for self-consumption using renewable energy resources if the power will be used primarily for manufacturing. The credit authorized is $1 million per year for five years for each renewable energy facility. The maximum credit allowed per taxpayer per year is $5 million. The initial credit for each facility is claimed in the year that the facility becomes operational. To qualify as a separate renewable energy facility, a facility must be located at least one mile from any other renewable energy facility for which the taxpayer is claiming a credit.

In order to claim the credit, the taxpayer must apply to the Arizona Department of Revenue for certification of the credit for each facility. The department reviews and pre-approves the taxpayer for a specified amount of credit on a first come, first served basis. The department may not authorize tax credits under the A.R.S. §§ 43-1083.04 and 43-1164.05 that exceed in the aggregate a total of $10 million for any calendar year.

The Taxpayer must submit a request for final certification to the department within 30 days after each of the renewable energy facilities for which an authorization was given becomes operational. See the program guidelines at www.azdor.gov under the “Tax Credits” section.

To be eligible for the credit, the taxpayer must meet all of the following requirements:

1. The taxpayer must invest at least $300 million in new renewable energy facilities in Arizona that produce energy for self-consumption using renewable energy resources. The minimum investment must be completed within a three-year period beginning on the date the initial application is received or December 31, 2017, whichever is earlier.
2. At least 90% of the energy produced at each renewable energy facility is used for self-consumption in Arizona. Self-consumption includes the power used by related entities if the related entities are owned directly or indirectly by the same ownership interests that collectively own more than 50%. A facility that transfers the power it generates to a utility qualifies if at least 90% of the power is transferred back for self-consumption in Arizona.
3. The power is used primarily for manufacturing. A lessor of a manufacturing facility that is using power for self-consumption would qualify this requirement if the lessee is a manufacturer and the power is transferred as part of the lease to the lessee.

If the taxpayer fails to make the required $300 million investment within the required time period, the taxpayer must cease claiming any credits and recapture any credits already claimed for all facilities. The recapture must be made on the taxpayer’s income tax return for the tax year in which it was first known that the required investment would not be made within the required time.

If a particular facility ceases to meet the requirements or if the facility is sold, the taxpayer may not generate and claim any future credits related to that facility. However, taxpayers may be allowed to claim the credit carryovers that were properly established for that facility.

Co-owners of a business, including partners in a partnership, members of a limited liability company, and shareholders of an S corporation, may each claim only the pro rata share of the credit allowed based on the ownership interest. The total of the credits allowed all such owners may not exceed the amount that would have been allowed for a sole owner of the business.

The credit is available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate UBTI.

If the current taxable year's credit exceeds the taxpayer’s tax liability for the taxable year, the taxpayer may carry forward the unused credit to the next five consecutive taxable years. No credit, other than carryovers generated properly, may be claimed for any taxable year beginning after December 31, 2025.

Specific Instructions

Complete the name and taxpayer identification number section at the top of the form. Indicate the period covered by the taxable year. Include the completed form and all supporting documentation with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, an exempt organization with UBTI, an S corporation, or a partnership is the taxpayer's employer identification number. The TIN for an individual is the taxpayer's social security number or an Internal Revenue Service individual taxpayer identification number. Taxpayers that fail to include their taxpayer identification number may be subject to a penalty.

Part 1 – Qualification for and Current Taxable Year’s Credit

Credit You Established in Current Year

Lines 1 -

If you received any certificate(s) directly from the department, check the “Yes” box. Otherwise, check the “No” box and skip line 2 and line 3.

Lines 2 and 3 -

If you checked the "Yes" box on line 1, enter the aggregate amount of credit on line 2 and also the facility code(s) for calendar year 2014 on your certificates received from the department on line 3. Fiscal year taxpayers will claim the credit on the return for the taxable year in which the calendar year ends. Be sure to include a copy of your certificate(s) with the return.

Pass-through Credit You Received in Current Year

Line 4 -

If an entity from which you are claiming a pass-through tax credit received a Certificate from the department, check the "Yes" box. Otherwise, check the "No" box, and skip lines 5, 6 and 7.

Line 5 -

If you checked the "Yes" box on line 4, enter the name of the pass-through entity that received the certificate(s) from the department and its taxpayer identification number on line 5.

Lines 6 and 7 -

If you checked the "Yes" box on line 4, enter your share of the aggregate amount of credit for taxable year 2014 and the facility code(s) on the certificate(s) provided by the pass-through entity.

Total Credit

Line 8 -

Enter the total of line 2 and line 6. This is your current taxable year's total tax credit for renewable energy investment and production for self-consumption by manufacturers. This amount cannot exceed $5 million.

NOTE: *The maximum credit allowed per taxpayer per taxable year is $5 million.*

Part 2 – Credit Recapture

NOTE: *You should not have any credit recapture for tax year 2014. Do not complete Part 2 for tax year 2014.*

Line 9 -

List the facility code(s) on the certification(s) that you directly received from the department and was/were terminated or revoked in current year.

Line 10 -

Enter the full amount of credits that you established and used on prior returns or the full amount of credits that you established and passed through to S corporation shareholders or partners of a partnership.

Part 3 - S Corporation Credit Election and Shareholder's Share of Credit

Line 11 - S Corporation Credit Election

S corporations must complete line 11. The S corporation must make an irrevocable election to either claim the current taxable year credit or pass the credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to Arizona Form 120S. If the S corporation elects to claim the credit itself, it can skip lines 12 through 17 and complete Parts 5, 6, and 7.

Lines 12 through 17 -

If an S corporation elects to pass the credit through to its shareholders, after it completes Part 1 and Part 2 (if Part 2 is applicable), it must also complete Part 3, line 12 through 17 separately for each shareholder. The S corporation must furnish each shareholder with a copy of the certificate(s) and Form 351. Each shareholder would then complete Parts 5, 6, and 7.

Each S corporation shareholder is entitled to only a pro rata share of pass-through credit based on ownership interest in the S corporation. The total of the credit allowed to all shareholders may not exceed the amount that would have been allowed for a sole owner.

NOTE: *Taxpayers who are partners or shareholders in multiple entities receiving tax credit for renewable energy investment and production for self-consumption by manufacturers must create a schedule detailing the amount of the credit passed through from each partnership or S corporation, and include the schedule to their tax returns.*

Part 4 - Partner's Share of Credit

Lines 18 through 23 -

Partnerships must first complete Form 351, Part 1 and Part 2 (if Part 2 is applicable). Partnerships must then complete Part 4, lines 18 through 23, separately for each partner, and furnish each partner with a copy of the certificate(s) and Form 351. Each partner would then complete Parts 5, 6, and 7.

Each partner is entitled to only a pro rata share of the credit based on the partner's ownership interest in the partnership. The total of the credit allowed to all partners may not exceed the amount that would have been allowed for a sole owner.

NOTE: *Taxpayers who are partners or shareholders in multiple entities receiving tax credit for renewable energy investment and production for self-consumption by manufacturers must complete a schedule detailing the amount of the credit passed through from each partnership or S corporation, and include the schedule to their tax returns.*

Part 5 - Credit Recapture Summary

NOTE: *No recapture of the credit for renewable energy investment and production for self-consumption by manufacturers is required for tax year 2014. Do not complete Part 5 for tax year 2014.*

Part 5 summarizes your total credit recapture, which includes:

1. the recapture of the credit that you established and used on prior returns, and also
2. the recapture of the pass-through credit that you received and used on prior returns.

Complete Part 5 as instructed on the form.

Part 6 – Available Credit Carryover

NOTE: *You should not have any credit carryover in tax year 2014. Do not complete Part 6 for tax year 2014.*

Use Part 6 to figure your total available credit carryover from prior taxable years. Complete lines 26 through 31, columns (a) through (e), if you claimed the credit on a prior year's return and the credit exceeded your tax liability.

Enter the credit originally computed for that taxable year on line 26. Enter the amount of the credit from that taxable year which you have already used on line 27. Subtract the amount on line 27 from the amount on line 26 and enter the difference on line 28. Enter the credit carryover that you no longer qualify for on line 29. Subtract the amount on line 29 from the amount on line 28 and enter the difference on line 30. Add line 30, columns (a) through (e) and enter the total on line 31. Line 31 is the total credit carryover available for the current taxable year.

Part 7 – Total Available Credit

Line 32 -

Line 32 is your total current year's credit. It is the sum of the current year's credit that you established and also the pass-through credit you received in current year.

Individuals, corporations (including S corporations that elected to claim the credit), and exempt organizations with UBTI - enter the amount from Part 1, line 8. This is the credit you established in current year.

S corporation shareholders - enter the amount on Part 3, line 14.

Partners of a partnership - enter the amount on Part 4, line 20.

Line 33 -

Enter the amount from Part 6, line 31. This is the total available credit carryover for renewable energy investment and production for self-consumption by manufacturers.

Line 34 -

Add line 32 and line 33 and enter the total on line 34. This is the total available credit that may be applied to the current year's tax liability. The maximum credit allowed per taxpayer per year is $5 million.

Also enter the amount on line 34 as instructed below:

Individuals - enter the total here on Form 301, Part 1, line 30, column (a).

Corporations, exempt organizations with UBTI, and S corporations - enter the total here on Form 300, Part 1, line 23, column (a).

NOTE: *The maximum credit allowed per taxpayer per taxable year is $5 million.*

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DO NOT STAPLE ANY ITEMS TO THE RETURN.

Arizona Form **141 AZ**

Arizona Fiduciary Income Tax Return

FOR CALENDAR YEAR **2014**

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y. 66

82E ☐ **Check box 82E if filing under extension**

1 Print Name of Estate or Trust

Employer Identification Number (required)

2 Print Name and Title of Fiduciary

3 Address of Fiduciary - number and street, or rural route

4 City, Town or Post Office State ZIP Code

Daytime Phone Number of Fiduciary/Representative – include area code

REVENUE USE ONLY. DO NOT MARK IN THIS AREA.
88

81 PM 80 RCVD

Check ONLY ONE box:

5a ☐ Resident Estate
5b ☐ Nonresident Estate
5c ☐ Resident Trust
5d ☐ Nonresident Trust

Check applicable box(es):

6 1 ☐ Amended Return
2 ☐ Final Return
☐ Initial Return
☐ Decedent's Estate
☐ Bankruptcy Estate
☐ Grantor Trust
☐ Simple Trust
☐ Complex Trust
☐ Charitable Remainder Trust

7	Federal taxable income: Resident estates or trusts, enter federal taxable income from federal Form 1041. Nonresident estates or trusts, enter the amount from Arizona Form 141AZ, Schedule A, line A6		7	00
8	Net fiduciary adjustment: Enter the amount from Form 141AZ, Schedule B, line B11. If a negative number, enter that number in brackets	8	00	
9	Net fiduciary adjustment allocated to *beneficiaries*: Enter the amount from Form 141AZ, Schedule C, line C15	9	00	
10	Net fiduciary adjustment allocated to *fiduciary*: Enter the amount from Form 141AZ, Schedule C, line C16		10	00
11	Subtotal: If the amount on line 10 is a positive number, add the amount on line 10 to line 7. If the amount on line 10 is a negative number, subtract the amount on line 10 from line 7		11	00
12	Electing Small Business Trust (ESBT) income: Include federal computation		12	00
13	Add line 11 and line 12. Enter the total		13	00
14	Undistributed Net Capital Gain derived from Investment in Qualified Small Business. See instructions		14	00
15a	Enter the total net capital gain or (loss)	15a	00	
15b	Enter the total net short-term capital gain or (loss)	15b	00	
15c	Total net long-term capital gain or (loss) from the worksheet, line 14, column (b)	15c	00	
15d	Net long-term capital gain from assets taxable to the estate or trust acquired *after* December 31, 2011. Enter the amount from your worksheet, line 14, column (e)	15d	00	
15e	Multiply the amount on line 15d by 20% (.20) and enter the result		15e	00
16	**Arizona taxable income:** Subtract lines 14 and 15e from line 13		16	00
17	Tax on amount on line 16. See Tax Table on the last page of the instructions		17	00
18	Credit for taxes paid to other states or countries. See instructions		18	00
19	**Balance of tax:** Subtract line 18 from line 17. If line 18 is more than line 17, enter zero		19	00
20	Arizona estimated tax payments	20	00	
21	Payment with extension	21	00	
22	Arizona income tax withheld. See instructions	22	00	
23	Payment with original return (if amending) plus all payments after return was filed	23	00	
24	Total payments: Add lines 20 through 23	24	00	
25	Refund from original return (if amending)	25	00	
26	Balance of payments: Subtract line 25 from line 24		26	00
27	**BALANCE DUE:** Subtract line 26 from line 19. Make check payable to Arizona Department of Revenue; ***write your EIN and tax year on payment***, and include with Form 141AZ		27	00
28	**REFUND DUE:** Subtract line 19 from line 26		28	00
29	Amount of line 28 to be applied to your 2015 estimated tax		29	00
30	**Balance of refund/overpayment:** Subtract line 29 from line 28		30	00

Name of Estate or Trust (as shown on page 1)	Employer Identification Number

SCHEDULE A Nonresident Estate or Trust Source Income Schedule

Only nonresident estates and nonresident trusts should complete Schedule A. Arizona resident estates and Arizona resident trusts should not complete Schedule A.

			FEDERAL COLUMN		ARIZONA COLUMN	
A1	Income (specify type):					
A1(a)		**A1(a)**		00		00
A1(b)		**A1(b)**		00		00
A1(c)		**A1(c)**		00		00
A1(d)		**A1(d)**		00		00
A1(e)		**A1(e)**		00		00
A2	Total Income: Add lines A1(a) through A1(e)	**A2**		00		00
A3	Deductions (specify):					
A3(a)		**A3(a)**		00		00
A3(b)		**A3(b)**		00		00
A3(c)		**A3(c)**		00		00
A3(d)		**A3(d)**		00		00
A3(e)		**A3(e)**		00		00
A4	Total deductions: Add lines A3(a) through A3(e)	**A4**		00		00
A5	**Federal Taxable Income:** Subtract line A4 from line A2 in the Federal column	**A5**		00		
A6	**Arizona Gross Income:** Subtract line A4 from line A2 in the Arizona column. Enter the difference here and also on Form 141AZ, page 1, line 7				**A6**	00

SCHEDULE B Fiduciary Adjustment

Fiduciary adjustment *increasing* federal taxable income

B1	Positive Arizona fiduciary adjustment from another estate or trust	**B1**		00
B2	Non-Arizona municipal bond interest	**B2**		00
B3	Other additions to federal taxable income. See instructions	**B3**		00
B4	Total: Add lines B1 through B3	**B4**		00

Fiduciary adjustment *decreasing* federal taxable income

B5	Negative Arizona fiduciary adjustment from another estate or trust	**B5**		00
B6	Interest received on U.S. obligations	**B6**		00
B7	Refunds from other states	**B7**		00
B8	Reserved	**B8**		
B9	Other subtractions from federal taxable income. See instructions	**B9**		00
B10	Total: Add lines B5 through B9	**B10**		00
B11	**Net adjustment:** Subtract line B10 from line B4. If the result is a negative number, enter the difference in brackets. Also, enter the difference on Form 141AZ, page 1, line 8	**B11**		00

Name of Estate or Trust (as shown on page 1)	Employer Identification Number

SCHEDULE C Fiduciary Adjustment Allocation

The Arizona fiduciary adjustment is allocated among the beneficiaries and the fiduciary in proportion to their share of the federal distributable net income.

	(a) Beneficiary	(b) Share of Federal Distributable Net Income		(c) Percent
C1		$	00	%
C2		$	00	%
C3		$	00	%
C4		$	00	%
C5		$	00	%
C6		$	00	%
C7		$	00	%
C8		$	00	%
C9		$	00	%
C10		$	00	%
C11	Subtotal: If more than 10 beneficiaries, include an additional schedule C11	$	00	%
C12	Fiduciary C12	$	00	%
C13	**Total:** Add lines C11 and C12. This should total the federal distributable net income C13	$	00	100 %

C14	Enter the fiduciary adjustment from Form 141AZ, Schedule B, line B11 here and also on Form 141AZ Schedule K-1, line 1 or Form 141AZ Schedule K-1(NR), line 3 ..... C14		00
C15	Multiply the amount on line C14 by the percentage on line C11. Enter the result here and also on Form 141AZ, page 1, line 9 ..... C15		00
C16	Multiply the amount on line C14 by the percentage on line C12. Enter the result here and also on Form 141AZ, page 1, line 10 ..... C16		00

SCHEDULE D Federal Distributable Net Income From Arizona Sources

Complete Schedule D only if the estate or trust has nonresident beneficiaries. Use the information in Schedule D to complete Form 141AZ, Schedule K-1(NR). Do not complete Schedule D if all of the beneficiaries are Arizona residents.

	(a)		(b) FEDERAL		(c) ARIZONA	
D1	Dividends	D1		00		00
D2	Interest	D2		00		00
D3	Partnership/fiduciary income	D3		00		00
D4	Net rents and royalties	D4		00		00
D5	Net profit (loss) business	D5		00		00
D6	Other income	D6		00		00
D7	Total: Add lines D1 through D6	D7		00		00
D8	Expenses	D8		00		00
D9	Federal distributable income: Subtract line D8 from line D7 and enter the difference here. Also, enter the amount from column (c) on Form 141AZ, Schedule K-1(NR), line 1	D9		00		00

Name of Estate or Trust (as shown on page 1)	Employer Identification Number

SCHEDULE E Questions

E1 Check the box if this return is for a short taxable year ☐

E2 Have Arizona income tax returns been filed for the four (4) years preceding date of death? YES ☐ NO ☐

If "No", please explain: _____

E3 Date of decedent's death or date the trust was established M M D D Y Y Y Y

E4 Was a fiduciary return filed the preceding year? YES ☐ NO ☐

E5 Check the box to indicate whether this return was prepared on a cash or accrual basis: CASH ☐ ACCRUAL ☐

E6 Has the federal government made an additional assessment on the income of this estate in the last four (4) years? YES ☐ NO ☐

If "Yes", submit a detailed report with this return.

E7 If return is for a trust, enter the name and address of the grantor:

_____

_____

_____

_____

PLEASE SIGN BELOW

I declare under the penalties of perjury that this return, including any accompanying schedules and statements, has been examined by me, and to the best of my knowledge and belief is a true, correct and complete return.

➔ SIGNATURE OF FIDUCIARY OR OFFICER REPRESENTING FIDUCIARY — DATE

➔ PAID PREPARER'S SIGNATURE — DATE

➔ SIGNATURE OF PERSON OTHER THAN TAXPAYER OR AGENT — DATE

FIRM NAME OF PAID PREPARER (PREPARER'S NAME IF SELF-EMPLOYED)

STREET ADDRESS OF FIDUCIARY OR OFFICER

STREET ADDRESS OF PAID PREPARER

CITY STATE ZIP CODE

CITY STATE ZIP CODE

EMPLOYER OR FIRM NAME OF FIDUCIARY/OFFICER, IF ANY

PHONE NO. (include area code)

PAID PREPARER'S TIN

- 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 141AZ.

- 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.

NOTE: If an estate is being probated, the fiduciary may have to obtain a certificate from the department that shows no income tax is due. See page 3 of the instructions for details. Make requests for an income tax certificate separately. Do not include requests for the income tax certificate with Form 141AZ.

2014 Arizona Fiduciary Income Tax Return

Phone Numbers

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 and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

Publications and Brochures

To view or print the department's publications and brochures, go to our website and click on *Publications*.

General Information

Estates

An Arizona resident estate is the estate of a decedent who was a resident of Arizona at the time of death. The starting point for the Arizona income tax computation for a resident estate is the estate's federal taxable income.

A nonresident estate is an estate that is not a resident estate. The starting point for a nonresident estate is that portion of the estate's federal taxable income derived from Arizona sources.

Trusts

An Arizona resident trust is a trust of which the fiduciary is a resident of Arizona. If the trust has more than one fiduciary, the trust is a resident trust if at least one of the fiduciaries is a resident of Arizona. If a corporate fiduciary engaged in interstate trust administration is the sole fiduciary of a trust, or is a co-fiduciary with a nonresident, the trust is a resident trust only if the corporate fiduciary conducts the administration of the trust in Arizona. The starting point for the Arizona income tax computation for a resident trust is the trust's federal taxable income.

A nonresident trust is a trust that is not a resident trust. The starting point for a nonresident trust is that portion of the trust's federal taxable income derived from Arizona sources.

Who Must File

The fiduciary, or fiduciaries, must file a return for an estate or trust if of the following apply:

1. The estate or trust has any Arizona taxable income for the tax year.
2. The estate's or trust's gross income for the tax year is $5,000 or more, regardless of the amount of the Arizona taxable income.

The above also applies to bankruptcy estates.

The fiduciary does not have to file a return if the income does not exceed the amounts shown in items 1 or 2 above.

NOTE: *The fiduciary must file a final return for an estate when the fiduciary is requesting a tax certificate required by the probate court. In this case, the fiduciary must file a final return regardless of the estate's income. See instructions for requesting a certificate on page 3.*

Fiduciary Filing Return on Arizona Form 140

A personal representative must file a return on Arizona Form 140 if any of the following apply:

- The gross income of a single decedent was $15,000 or more.
- The Arizona adjusted gross income of a single decedent was $5,500 or more.
- The Arizona adjusted gross income of a married decedent for which the representative will file a separate return was $5,500 or more.
- The gross income of a married decedent for which the representative will file a separate return was $15,000 or more.
- The Arizona adjusted gross income of a married decedent and his or her surviving spouse for which a joint return will be filed was $11,000 or more.
- The gross income of a married decedent and his or her surviving spouse for which a joint return will be filed was $15,000 or more.

For individual filing purposes, gross income is gross income as defined under the Internal Revenue Code (IRC) less income included in gross income that is excluded from Arizona taxation.

Example:

A taxpayer died on June 29, 2014. The decedent had wages of $9,700 and interest income of $920 received through the date of death. The personal representative files a final Arizona Form 140 for the period January 1, 2014, through June 29, 2014. The personal representative notes on the Form 140 that the taxpayer is deceased as of June 29, 2014. The personal representative reports the wage and interest income of $10,620 on the Form 140. The personal representative reports all income that the estate receives from June 30, 2014, forward on the Form 141AZ.

A fiduciary who has charge of the income of an individual must file a return of income on Form 140 if that individual's income meets the filing requirements. Such fiduciaries include guardians of minors and guardians or committees of legally incompetent persons.

Where several fiduciaries exist, a return filed by one of two or more joint fiduciaries is sufficient.

Filing for a Charitable Remainder Trust

Charitable remainder trusts should file on Arizona Form 141AZ. The fiduciary should indicate that the return is for a charitable remainder trust by checking the appropriate box on line 6.

The trustee should not enter any numerical figures on the face of the return. The trustee should not complete an Arizona Form 141AZ, Schedule K-1, or Schedule K-1(NR) for any of its beneficiaries.

Grantor Trusts

Grantor trusts file only an information return since the income reverts to the grantor. The grantor reports this income on the individual income tax return (Arizona Form 140). Do not enter any numerical figures on the face of the return. Go directly to the signature line. The fiduciary should indicate that the return is for a grantor trust by checking the appropriate box on line 6.

Where Should You Mail the Return?

If you are **expecting a refund, or owe no tax**, or owe tax but are not sending a payment, mail the return to:

Arizona Department of Revenue
PO Box 52138
Phoenix, AZ 85072-2138

If you are **sending a payment** with this return, mail the return to:

Arizona Department of Revenue
PO Box 52016
Phoenix, AZ 85072-2016

When Should You File?

Your 2014 calendar year tax return is due no later than midnight, April 15, 2015. You must file a return made on a fiscal year basis by the 15th day of the fourth month following the close of the fiscal year. Your original filing date must be the same for Arizona as it is for federal purposes.

You may request an extension if you know you will not be able to file on time. An extension does not extend the time to pay the income tax. Failure to pay at least 90% (.90) of the tax due by the original due date will result in a penalty. Arizona charges interest on any unpaid tax. The extension underpayment penalty is ½ of 1% (.005) of the tax not paid for each 30-day period or fraction of a 30-day period. The extension underpayment penalty cannot exceed 25% of the unpaid tax.

NOTE: *Arizona will grant a five-month extension. For more information, see Fiduciary Tax Ruling FTR 09-1.*

To Get a Filing Extension, You Can Either:

1. Apply for a state extension (Form 141AZ EXT). To apply for an automatic 5-month state extension, file Form 141 AZ EXT by April 15. See Form 141AZ EXT 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 extension box 82E on page 1 of the return. If you must make a payment, use Arizona Form 141AZ EXT.
2. Use your federal extension. File your Arizona return by the same due date. You do not have to include a copy of the extension with your return, but make sure that you check extension box 82E on page 1 of the return.

Does an Estate or Trust Have to Make Estimated Payments?

An estate or trust does not have to make estimated payments. An estate or trust may elect to make Arizona estimated tax payments on Arizona Form 141AZ ES.

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 2014 calendar return by April 15, 2015, 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.

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% 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% of the unpaid tax.

Extension Underpayment Penalty

If you file your return under an extension, you must pay 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% 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.

Amended Returns

If you are filing an amended Form 141AZ, check the amended return box on line 6. Complete the entire return, correct the appropriate line(s) with the new information, and recompute your tax liability.

On a separate schedule, explain the reason(s) for the amendment(s) and identify the line(s) and amount(s) being changed on the amended return. Also, include a copy of the amended federal Form 1041.

NOTE: *You must plainly mark an amended return "Amended" by checking the appropriate box on line 6. The period covered by this return must be the same accounting period as covered by the original return. If you are amending a prior year return, use Form 141AZ for that taxable year.*

Copy of Will or Trust Instrument

Upon the department's request, the fiduciary must submit a copy of the will or trust instrument when the estate's or trust's gross income is $5,000 or more. The fiduciary must swear that the will or trust instrument is a true and complete copy.

Reporting Payments Made by an Estate or Trust

An estate or trust that paid salaries or wages may have to report those payments to the department.

Request for Certificate of Payment of Taxes

IMPORTANT: *Make requests for this income tax certificate separately. Do not include requests for the income tax certificate with Form 141AZ. The department can issue certificates only if required by the probate court.*

Mail requests to:
Arizona Department of Revenue
Attention: Fiduciary Unit
1600 West Monroe - Division Code 23
Phoenix, AZ 85007-2650

If an estate is in probate, the probate court may require a certificate from the department that shows no income tax is due. The probate court may require this before approving the fiduciary's final account.

Arizona law requires a certificate only when **all** of the following apply.

1. The estate is subject to probate.
2. The value of the assets of the estate at the decedent's date of death exceeds $20,000.
3. The estate has a beneficiary that is not an Arizona resident.

In order for the department to issue a certificate, **all** of the following must be met.

1. The fiduciary has filed Arizona Form 210 - *Notice of Assumption of Duties in a Fiduciary Capacity*.
2. A return was filed by, or on behalf of, the decedent and for the estate for each taxable year in which the respective incomes of the decedent or estate exceeded the requirements for filing returns.
3. A final Arizona fiduciary return is filed when the certificate is requested. This return must be filed regardless of the gross or net income for the year. If there is no income, submit a return with "zero" on all lines.

   If filing a final return and you are **sending a payment** with this return, mail the return to:

   Arizona Department of Revenue
   PO Box 52016
   Phoenix, AZ 85072-2016

   If filing a final return and you are **expecting a refund, or owe no tax**, or owe tax but are not sending a payment, mail the return to:

   Arizona Department of Revenue
   PO Box 52138
   Phoenix, AZ 85072-2138
4. The request must contain a statement regarding the status of returns filed by, or on behalf of, the decedent or for the estate for the four taxable years immediately preceding the date of the request. The fiduciary must make the statement under declaration of perjury. The statement must indicate:
   - The years for which returns were filed.
   - The years for which the gross and Arizona taxable incomes were less than the amount necessary to require the filing of returns.

If you have any questions, call us at (602) 716-7809.

Additional Arizona Returns or Forms You May Have to File

- Arizona Form 140, 140PY, or 140NR to report a decedent's income for the period to the date of death
- Arizona Form 210 - *Notice of Assumption of Duties in a Fiduciary Capacity* - Filed for all estates
- Form 141AZ EXT – *Application for Filing Extension for Fiduciary Returns Only*
- Form 141AZ ES - *Estate or Trust Estimated Tax Payment*

Line-by-Line Instructions

Period Covered

The accounting period for the return must be the same for Arizona as it is for federal purposes. If the period is for a fiscal year, it cannot exceed a 12-month period. A fiscal year period cannot end on the last day of December.

For each return filed in the future, you must keep the same accounting period unless you receive written permission from the department to change it.

If filing for a fiscal year, enter the beginning and ending dates.

Lines 1 through 4 -

Enter the name of the estate or trust. Enter the name, title, address, and ZIP Code of the fiduciary. Enter the employer identification number (EIN) of the estate or the trust.

Foreign Addresses

If the estate, trust or fiduciary has 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's name.

Lines 5a through 5d – Check Box (*only one*)

If your are filing this return for a:	check box
resident estate	5a
nonresident estate	5b
resident trust	5c
nonresident trust	5d

Line 6 -

Check the box (es) that identify the type of return you are filing.

Line 7 - Federal Taxable Income of Fiduciary

An Arizona resident estate or trust should enter the federal taxable income shown on page 1 of the federal fiduciary return, Form 1041.

A nonresident estate or trust must complete Form 141AZ, Schedule A, before entering an amount on line 7. For a nonresident estate or trust, the fiduciary should enter the amount from Form 141AZ, Schedule A, line A6 on line 7.

NOTE: *Before completing the rest of page 1 of Form 141AZ, complete Schedules A, B, C, D and E, as necessary.*

Schedule A - Nonresident Estate or Trust Source Income Schedule

Schedule A is used to compute the federal taxable income of the estate or trust from Arizona sources. All nonresident estates and nonresident trusts must complete Schedule A. *Resident estates and resident trusts should skip Schedule A.*

Federal Column

Enter all items of income and deductions that correspond to those items listed on the federal fiduciary return. Line A5 should equal the federal taxable income reported on the federal fiduciary return.

Arizona Column

Enter that part of each item of income and deductions reported in the federal column that is derived from Arizona sources. Intangible income will not be considered to be from Arizona sources except where it is part of a business, trade, or occupation carried on in Arizona.

Schedule B - Fiduciary Adjustment

Fiduciary adjustment increasing federal taxable income

Use lines B1 through B4 to figure the amount of fiduciary adjustment that increases federal taxable income.

Line B1 - Positive Arizona Fiduciary Adjustment From Another Estate or Trust

Use this adjustment only if the estate's or trust's Arizona Form 141AZ, Schedule K-1, indicates a difference between federal and state distributable income. If the amount shown on the Arizona Form 141AZ, Schedule K-1, is a positive number, enter that amount here.

Line B2 - Non-Arizona Municipal Bond Interest

Arizona taxes interest received from non-Arizona municipal bonds. Enter the amount of this type of interest income that you did not include on the federal return.

You may exclude any expenses incurred to purchase or hold the bond(s). Reduce the interest income by the amount of expenses that you could not deduct on your federal return.

Line B3 - Other Additions to Federal Taxable Income

Enter any other additions, including those shown below, to federal taxable income. Include your own schedule.

A. Total Depreciation Included in Arizona Gross Income

Enter the amount of depreciation deducted on the federal return that is included in Arizona gross income. If you make an entry here, also see the instructions for line B9, "Other Subtractions From Federal Taxable Income."

B. Net Operating Losses

Arizona does not have specific provisions for calculating the net operating loss of estates or trusts. Generally, the net operating loss deduction included in the federal taxable income is the amount allowable for Arizona purposes. There are, however, instances when the amount allowable for Arizona may be different.

You must adjust the net operating loss deduction included in the federal taxable income if the estate or trust has already deducted any amount of the net operating loss included in federal taxable income for Arizona purposes. Enter on line B3, the amount of net operating loss included in federal taxable income that was previously deducted for Arizona purposes.

Usually, Arizona conforms to the federal net operating loss and the carryback provisions. Arizona, however, did not conform to the special federal net operating loss rules for 2008 and 2009. Under the special rules for 2008 and 2009, a taxpayer 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. If a taxpayer deducted a federal net operating loss carryback under the federal American Recovery and Reinvestment Act of 2009 or the federal Worker, Homeownership, and Business Assistance Act of 2009, see the instructions for line B9, (K).

For information on deducting a net operating loss carryback in cases where a taxpayer did not make an election under IRC § 172(b)(1)(H), see the department's Income Tax Procedure, ITP 99-1.

C. Annuity Income in Excess of Contributions

Make this adjustment if both of the following apply.

1. The estate or trust received annuity income and the first payment received from the annuity was before December 31, 1978.
2. The sum of the proceeds received from the annuity in all taxable years prior to and including the current tax year exceeds the total consideration premiums paid.

D. Excess of a Partner's Share of Partnership Taxable Income or Loss

Make this adjustment if the Arizona Form 165, Schedule K-1, shows a difference between federal and state distributable income.

If the difference reported on the Arizona Form 165, Schedule K-1, is a positive number, enter that difference as an addition. Enter the addition on line B3.

If the difference reported on the Arizona Form 165, Schedule K-1, is a negative number, enter that difference as a subtraction. Enter the subtraction on line B9.

E. Claim of Right Adjustment for Amounts Repaid in 2014

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

1. During 2014, the estate or trust was 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 2014 was more than $3,000.
4. The estate or trust took a deduction for the amount repaid on its 2014 federal income tax return.
5. The deduction taken on the estate's or trust's federal income tax return is reflected in the Arizona taxable income.

If all of the above apply, enter the amount deducted on the federal income tax return that is reflected in the Arizona taxable income.

For more information on the Arizona claim of right provisions, see the department's Individual Income Tax Procedure ITP 95-1.

F. 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 2014, the estate or trust was required to repay amounts held under a claim of right.
2. The estate or trust computed its 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. The estate or trust is entitled to take that net operating loss or capital loss carryover into account when computing its 2014 Arizona taxable income.
5. The amount of the loss carryover included in the estate's or trust's federal income is more than the amount allowed to be taken into account for Arizona purposes.

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

G. Nonqualified Withdrawals From 529 College Savings Plans

Make this adjustment if both of the following apply.

1. The estate or trust received a nonqualified withdrawal from a 529 college savings plan.
2. The amount of withdrawal was not included in the federal taxable income.

The amount that the fiduciary must add is the amount of withdrawal, but no more than the difference between the amount of contributions subtracted in prior years and the amount added in any prior years.

A nonqualified withdrawal is a withdrawal other than any of the following:

- A qualified withdrawal. A qualified withdrawal is a withdrawal from an account to pay the qualified higher education expenses of the designated beneficiary of the account.
- A withdrawal made as the result of the death or disability of the designated beneficiary of an account.
- A withdrawal that is made on the account of a scholarship, or the allowance or payment described in IRC § 135(d)(1)(B) or (C), and that is received by the designated beneficiary, but only to the extent of the amount of this scholarship, allowance, or payment.
- A rollover or change of designated beneficiary.

H. Original Issue Discount (OID) on Reacquisition of Debt Instrument

For federal purposes, when an estate or trust made the special election to defer discharge of indebtedness (DOI) income under IRC § 108(i), the estate or trust was not allowed to take a deduction with respect to the portion of any OID that accrued with respect to that DOI income, during the income deferral period. In this case, the estate or trust had to deduct the aggregate amount of the OID deductions disallowed ratably over a 5-year period, beginning with the period in which the income was includible in federal adjusted gross income.

Arizona did not adopt the federal provisions requiring an estate or trust to defer the OID deduction in cases where the estate or trust federally deferred the DOI income.

For Arizona purposes, the estate or trust had to report the DOI income from a debt reacquisition in the year in which it reacquired the debt, and it was allowed to subtract any OID related to that DOI income in the year the OID accrued. (See the instructions for "Other Subtractions From Federal Taxable Income" line B9, (L).) If the estate's or trust's federal taxable income includes a deduction for any accrued OID already subtracted for Arizona purposes, make an addition to Arizona income for the amount of deferred OID deducted on the federal return. Generally, this addition will not apply until taxable year 2014 through 2018. On line B3, enter the amount of any previously deferred OID deducted in computing the estate's or trust's 2014 federal taxable income, to the extent that the amount was previously subtracted from Arizona taxable income.

I. Estate Loss of an Arizona Nonprofit Medical Marijuana Dispensary (NMMD) included in Federal Adjusted Gross Income

If the NMMD was registered to an individual as a sole proprietorship and the NMMD becomes part of the individual's estate after the individual died, the estate is required to add the amount of the loss from the dispensary that is included in the computation of the estate's federal adjusted gross income. Include the amount of the loss on line B3.

J. Other Adjustments

Other special adjustments may be necessary. You may need to make an addition for depreciation or amortization. Call one of the numbers listed on page 1 of these instructions if any of the following apply.

1. You sold or disposed of property that was held for the production of income and your basis was computed under the Arizona Income Tax Act of 1954.
2. You elected to amortize the basis of a pollution control device or the cost of a childcare facility under Arizona law in effect before 1990. You are still deducting amortization or depreciation for that device or facility on your federal income tax return.

Line B4 - Total Adjustments Increasing Federal Taxable Income

Add lines B1 through B3. Enter the total.

Fiduciary Adjustment Decreasing Federal Taxable Income

Use lines B5 through B10 to figure the amount of fiduciary adjustment that decreases federal taxable 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 cannot subtract any amount that is allocable to income excluded from Arizona taxable income.*

Enter the following *other* subtractions from federal taxable income. Include your own schedule.

Line B5 - Negative Arizona Fiduciary Adjustment From Another Estate or Trust

Use this adjustment only if the Arizona Form 141AZ, Schedule K-1, indicates a difference between federal and state distributable income. If the amount shown on the Arizona Form 141AZ, Schedule K-1, is a negative number, enter that amount here.

Line B6 - Interest Received on U.S. Obligations

Enter the amount of interest income from U.S. Government obligations included on page 1, line 7. U.S. Government obligations include obligations such as U.S. savings bonds and treasury bills. You cannot deduct any interest or other related expenses incurred to purchase or carry the obligations. If such expenses are included in Arizona gross income, you must reduce the subtraction by such expenses. Reduce the subtraction only by the amount of such expenses included in your Arizona gross income.

NOTE: *Do not subtract interest earned on FNMA or GNMA bonds since this interest is taxable by Arizona. For details, see the Income Tax Ruling, ITR 06-1.*

Do not subtract any amount received from a qualified pension plan that invests in U.S. Government obligations. Do not subtract any amount received from an IRA that invests in U.S. Government obligations. These amounts are not interest income.

For more information, see Income Tax Rulings ITR 96-2 and ITR 96-3.

Line B7 - Refunds From Other States

Enter any state income tax refunds received from states other than Arizona. Enter an amount only to the extent it is included on page 1, line 7 of Arizona Form 141AZ.

Line B8 – Reserved

Do not enter an amount on line B8.

Line B9 - Other Subtractions From Federal Taxable Income

Enter any other subtractions, including those shown below, to federal taxable income. Include your own schedule.

A. Exclusion for U.S. Government, Arizona State, or Local Government Pensions

If the estate or trust received pension income from any of the sources listed below, subtract the amount received or $2,500, whichever is less. Only include amounts which the estate or trust reported as income on the federal return.

Public pensions from the following sources qualify for this subtraction:

- The United States Government Service Retirement and Disability Fund
- The United States Foreign Service Retirement and Disability System
- Retired or retainer pay of the uniformed services of the United States
- Any other retirement system or plan established by federal law

NOTE: *This applies only to those retirement plans authorized and enacted into the U.S. Code. This does not apply to a retirement plan that is only regulated by federal law (i.e., plans that must meet certain federal criteria to be qualified plans).*

- The Arizona State Retirement System
- The Arizona State Retirement Plan
- The Corrections Officer Retirement Plan
- The Public Safety Personnel Retirement Plan
- The Elected Officials' Retirement Plan
- A retirement plan established for employees of a county, city, or town in Arizona
- An optional retirement program established by the Arizona Board of Regents under Arizona Revised Statutes
- An optional retirement program established by an Arizona community college district

NOTE: *Public retirement pensions from states other than Arizona do not qualify for this subtraction.*

This subtraction does not apply to nonresident estates or trusts.

B. Qualified Wood Stove, Wood Fireplace, or Gas Fired Fireplace

Arizona allows 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 for converting an existing fireplace on property located in Arizona to a qualified wood stove, qualified wood fireplace, or gas fired fireplace.

C. 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 2014, the estate or trust was required to repay amounts held under a claim of right.
2. The estate or trust computed its 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. The estate or trust is entitled to take that net operating loss or capital loss carryover into account when computing its 2014 Arizona taxable income.
5. The amount of the loss carryover allowed to be taken into account for Arizona purposes is more than the amount included in your federal income.

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

D. Certain Expenses Not Allowed For Federal Purposes

The estate or trust may subtract some expenses that it cannot deduct on its federal return when the estate or trust claims certain federal tax credits. These federal tax credits are

- The federal work opportunity credit
- The empowerment zone employment credit
- The credit for employer-paid social security taxes on employee cash tips
- The Indian employment credit

If the estate or trust claimed any of these federal tax credits for 2014, enter the portion of wages or salaries it paid or incurred during the taxable year equal to the amount of those federal tax credits it received.

A nonresident estate or trust should enter the amount of wages or salaries that it paid or incurred during the taxable year that is related to the income sourced to Arizona. The subtraction is equal to the amount of the federal credits it received.

E. Agricultural Crops Given to Charitable Organizations

Arizona allows a subtraction for qualified crop gifts made during 2014 to one or more charitable organizations. To take this subtraction, **all** of the following must apply.

- The estate or trust must be engaged in the business of farming or processing agricultural crops.
- The crop must be grown in Arizona.
- The gift must be made to a charitable organization located in Arizona.
- The charitable organization must be exempt from Arizona income tax.

The subtraction is the greater of the wholesale market price or the most recent sale price for the crop given. The amount of the subtraction cannot include any amount deducted under IRC § 170 with respect to the crop contribution that exceeds the cost of producing the contributed crop.

To determine if the estate's or trust's crop gift qualifies for this subtraction, see Income Tax Procedure, ITP 12-1.

F. Installment Sale Income From Another State Taxed by the Other State in a Prior Taxable Year

The estate or trust may subtract any income from an installment sale that has been properly subjected to income tax in another state in a prior tax year. Enter the amount of such income included in Arizona gross income in the current taxable year.

This subtraction does not apply to nonresident estates or trusts.

G. Subtraction for World War II Victims

The estate or trust may subtract distributions made to it for the decedent's or settlor's persecution by Nazi Germany or any other Axis regime for racial, religious, or political reasons. The estate or trust may also subtract distributions made for the persecution of the ancestors of the decedent or settlor. If the estate or trust is the first recipient of such distributions, enter the amount of the distributions that it had to include in the estate's or trust's federal taxable income.

The estate or trust may also subtract certain items of income, if the decedent or settlor was persecuted by Nazi Germany or any other Axis regime for racial, religious, or political reasons before, during, or immediately after World War II. The income must be attributable to, derived from, or related to assets that were stolen or hidden from the decedent or settlor. If the estate or trust is the first recipient of such income, enter the amount of income that it had to include in the estate's or trust's federal taxable income**.**

A nonresident estate or trust should enter such payments only to the extent included in Arizona taxable income.

H. Recalculated Arizona Depreciation

Resident Estate or Trust

For assets placed in service in taxable years beginning before December 31, 2012, enter the total amount of depreciation allowable pursuant to IRC § 167(a) for the taxable year calculated as if the taxpayer 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 for these assets depends on the method you used to compute the depreciation for these assets.

NOTE: *For more information, see the department's individual income tax procedure, ITP 14-3.*

For assets placed in service in taxable years beginning from and after December 31, 2013, enter the total amount of depreciation 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).

Add all amounts together and enter the total on line B9.

Nonresident Estate or Trust

For assets placed in service in taxable years beginning before December 31, 2012, enter the total amount of depreciation attributable to assets used in an Arizona business allowable pursuant to IRC § 167(a) for the taxable year calculated as if the taxpayer 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 for these assets depends on the method you used to compute the depreciation for these assets. Enter the total amount of depreciation attributable to assets used in an Arizona business

NOTE: *For more information, see the department's individual income tax procedure, ITP 14-3.*

For assets placed in service in taxable years beginning from and after December 31, 2013, enter the total amount of depreciation attributable to assets used in an 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).

Add all amounts together and enter the total on line B9.

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

With respect to property that is sold or otherwise disposed of during the taxable year by a taxpayer who has complied with the requirement to add back all depreciation with respect to that property on tax returns for all taxable years beginning from and after December 31, 1999; enter the amount of depreciation that was 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.) A nonresident estate or trust may make this adjustment for only property that was used in an Arizona business.

J. Federal Estate Taxes Paid by an Estate

An estate may subtract the amount of federal estate tax paid by the estate in the current taxable year. Enter the amount of federal estate taxes paid in 2014.

K. Net Operating Loss Adjustment

This subtraction applies to only those estates or trusts that made an election under the special federal net operating loss rules for 2008 and 2009. Under these federal rules for 2008 and 2009, an estate or trust 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, estates or trusts must deduct a net operating loss as if the loss was computed under IRC § 172 in effect prior to the enactment of those special rules.

Resident Estate or Trust

If the estate or trust made an election to deduct a 2008 or 2009 federal net operating loss under IRC § 172(b)(1)(H), the estate or trust 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 the estate's or trust's 2012 federal income tax return, if the election described in IRC § 172(b)(1)(H) had not been made in the year of the loss. On line B9, enter the amount that exceeds the actual net operating loss carry forward that was deducted in arriving at federal taxable income.

Nonresident Estate or Trust

Figure how much of the net operating loss carry forward would have been allowed as a deduction on the estate's or trust's 2014 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 the estate or trust 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 the estate or trust included in its Arizona gross income. On line B9, enter 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 estate or trust, the estate or trust may have had a loss from 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. The estate or trust can only take this subtraction if the as if federal net operating loss deduction for 2014 includes Arizona source losses that have not been absorbed by non-Arizona income in any intervening years. The estate or trust cannot subtract any amount of that net operating loss that has been absorbed by non-Arizona income in any intervening years. The estate or trust also cannot take a subtraction for any amount that has already been deducted for Arizona purposes.*

L. Previously Deferred Discharge of Indebtedness (DOI) Income Adjustment

Generally, when a loan is settled for less than the amount owed, DOI income is realized by the debtor and usually must be included in the debtor's gross income. The amount of DOI income is generally equal to the amount of loan forgiveness. DOI income also occurs when a debtor repurchases its own debt at a discount (a price lower than the adjusted basis issue price of the debt instrument). In debt repurchase transactions, the amount of DOI income is generally equal to the difference between the adjusted issue price and the price paid for the debt instrument.

For federal purposes, an estate or trust may have made a special election for taxable years 2009 or 2010 to include DOI income in connection with the reacquisition of a business debt instrument, ratably over a 5-year period.

An estate or trust that made this election will generally include this income in federal taxable income beginning with the 2014 taxable year. An estate or trust would have made the federal election under IRC § 108(i) as added by the American Recovery and Reinvestment Act of 2009. Arizona did not adopt the special federal DOI income deferral provisions for the 2009 or 2010 taxable year.

For Arizona purposes, if a taxpayer made the federal election to defer the inclusion of DOI income under IRC § 108(i), the estate or trust was required to add the amount of deferred DOI income to Arizona income for the year for which the estate or trust made the election. If the estate or trust made the required addition to Arizona income on the Arizona return filed for the year in which the estate or trust reacquired the debt instrument (2009 or 2010), Arizona will not tax that DOI income twice. In the year in which the estate or trust includes that deferred DOI income in federal taxable income, the estate or trust may take a subtraction for the amount included for that year.

Resident Estate or Trust

On line B9, enter the amount of previously deferred DOI income included in federal taxable income for the current taxable year to the extent that the amount was previously added to the Arizona income.

Nonresident Estate or Trust

On line B9, enter the amount of previously deferred Arizona source DOI that the estate or trust included in its Arizona gross income for the current taxable year to the extent that the amount was previously added to the estate's or trust's Arizona income.

M. Estate Income of an Arizona Nonprofit Medical Marijuana Dispensary (NMMD) included in Federal Adjusted Gross Income

If the NMMD was registered to an individual as a sole proprietorship and the NMMD becomes part of the individual's estate after the individual died, the estate may subtract the amount of the income from the dispensary that is included in the computation of the estate's federal adjusted gross income. Include the amount of the income on line B9.

N. Other Adjustments

Other special adjustments may be necessary. Call one of the numbers listed on page 1 of these instructions if any of the following apply.

- You sold or disposed of property that was held for the production of income and your basis was computed under the Arizona Income Tax Act of 1954.
- 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.

Line B10 - Total Adjustments Decreasing Federal Taxable Income

Add lines B5 through B9. Enter the total.

Line B11 - Net Fiduciary Adjustment

Subtract the amount on line B10 from the amount on line B4. If the result is a negative number, enter the result in brackets. Also, enter the result on Form 141AZ, line 8.

Schedule C - Fiduciary Adjustment Allocation

Use Schedule C to determine the allocation of the shares of the Arizona fiduciary adjustment. This adjustment is divided among the beneficiaries and the fiduciary in proportion to their share of the federal distributable net income. If there is no federal distributable net income, each beneficiary's share of the adjustment is in proportion to each share of the estate or trust income distributed. Any balance of the adjustment not allocated to the beneficiaries is allocable to the fiduciary.

Lines C1 through C10 -

In column (a), enter the name of each beneficiary. In column (b), enter each beneficiary's share of the federal distributable net income. In column (c), enter the percentage of the estate or trust to be distributed to each beneficiary in accordance with the documents or laws controlling distribution of the estate or trust. If the estate or trust has more than 10 beneficiaries, complete an additional schedule. The schedule should show the same information required on lines C1 through C10.

Line C11 -

Add the amounts on lines C1 through C10 in column (b). Add the percents on lines C1 through C10 in column (c). If the fiduciary completed an additional schedule because there are more than 10 beneficiaries, include the amounts from the additional schedule on line C11.

Line C12 -

In column (b), enter the fiduciary's share of the federal distributable net income. In column (c), enter the percentage

of the fiduciary's share of federal distributable net income computed in accordance with the documents or laws controlling distribution of the estate or trust.

Lines C13 through C16 -

Complete lines C13 through C16 as instructed on the form.

Schedule D - Federal Distributable Net Income From Arizona Sources

Schedule D is used to determine the net estate or trust income reportable to Arizona by **nonresident beneficiaries**. Use the information in Schedule D to complete Forms 141AZ, Schedule K-1(NR) for nonresident beneficiaries.

The fiduciary should complete Schedule D only if the trust or estate has Arizona nonresident beneficiaries. If the trust or estate does not have any nonresident beneficiaries, the fiduciary should skip Schedule D.

Lines D1 through D9 -

In column (b), enter an amount for each item from which federal distributable net income is comprised. The total entered on line D9, column (b), should equal the federal distributable net income.

In column (c), enter that portion of federal distributable net income derived from Arizona sources. Such income includes Arizona rental and business income, and gains on the sale of Arizona property.

Schedule E - Questions

Answer the questions on lines E1 through E7.

Tax Computation

Line 12 - Electing Small Business Trust (ESBT) Income

Enter the federal taxable income of Electing Small Business Trusts (ESBT) from the IRC § 641(c) worksheet included with your federal Form 1041. Include a copy of the worksheet with the Arizona return. A nonresident trust should enter the amount of ESBT income received from the S corporation that was derived from sources within Arizona.

Line 13 -

Add lines 11 and 12. Enter the total.

Line 14 - Undistributed Net Capital Gain from Investment in Qualified Small Business

Beginning in 2014, the estate or trust may subtract the amount of any undistributed 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.

Caution: *If the amount entered on line 14 includes a long-term capital gain from an investment made* ***after*** *December 31, 2011, you cannot include that portion of the net capital gain in your computation of the allowable subtraction for any net long-term capital gain from assets acquired after December 31, 2011 and included in federal adjusted gross income. For more information, see the instructions on page 12 for the amount to enter on line 13 on the net long-term capital gain worksheet.*

Lines 15a through 15e - Net Capital Gain or (Loss) and Net Long-Term Capital Gain Subtraction for assets acquired after December 31, 2011.

The estate or trust may subtract a percentage of any net long-term capital gain included in the federal taxable income of a resident estate or trust (or the Arizona gross income of a nonresident estate or trust) that is derived from an investment in an asset acquired after December 31, 2011. For 2014, the percentage is 20%.

The estate or trust must complete the worksheet at the end of these instructions, *Worksheet for Net Long-Term Capital Gains Subtraction for Assets Acquired after December 31, 2011*, to take the allowable subtraction.

Line 15a - Total Net Capital Gain or (loss)

Enter the total net capital gain or (loss).

Line 15b - Total Net Short-Term Capital Gain or (Loss)

Enter the total amount of net short-term capital gain or (loss).

Line 15c - Total Net Long-Term Capital Gain or (Loss)

Enter the total net long-term capital gain or (loss) from the worksheet on line 14, column (b).

Line 15d - Net Long-Term Capital Gain From Assets Acquired after December 31, 2011

Enter the total net long-term capital gain from assets acquired after December 31, 2011, from the worksheet, line 14, column (e).

Line 15e - Net Long-Term Capital Gain Subtraction from Income

Multiply the amount on line 15d by 20% and enter the result on line 15e.

Line 16 - Arizona Taxable Income

Subtract lines 14 and 15e from line 13. Enter the difference.

Line 17 - Tax Amount

Compute the tax on the amount on line 16 from the tax table on page 15 of these instructions.

Line 18 - Credit for Taxes Paid to Another State or Country

If both Arizona and another state or country considers an estate or trust to be a resident, Arizona will allow the estate or trust a tax credit against the Arizona income tax liability for taxes paid to the other state or country.

The credit allowed on the Arizona fiduciary return is subject to the following conditions:

1. The credit is allowed only for the proportion of the taxes paid to the other state or country that the income taxable to Arizona and also subject to tax in the other state or country bears to the entire income on which the taxes paid to the other state or country are imposed.
2. The credit cannot exceed the proportion of the tax payable to Arizona that the income subject to tax in the other state or country and also taxable to Arizona bears to the entire income that is taxable to Arizona.
3. The credit is not allowed for taxes paid to the other state or country on income from sources within Arizona.

If claiming this tax credit, the estate or trust must include the following items with the Arizona Form 141AZ:

1. A copy of the other state or country's income tax return.
2. A schedule showing how the credit was calculated.

Payments

Line 20 - Arizona Estimated Tax Payments

If you made any estimated tax payments to the State of Arizona for 2014, enter that amount.

Line 21 - Payment With Extension

Enter the amount of payment made with an extension request on Form 141AZ EXT.

Line 22 - Arizona Income Tax Withheld

Use line 22 to claim a credit for any Arizona income tax withheld (and not repaid) by:

(a) an employer on wages and salaries of a decedent received by the decedent's estate;

(b) a payer of certain gambling winnings (e.g., state lottery winnings); or

(c) a payer of distributions from pensions, annuities, retirement, or profit-sharing plans received by a decedent's estate or trust.

Include copy(ies) of Form W-2, Form W-2G, or Form 1099-R with the return.

Line 23 - Payment With Original Return (if amending)

Enter the payment sent with the original Form 141AZ return. Also, include any additional tax payments made after the return was filed.

Line 24 - Total Payments

Add lines 20 through 23. Enter the total.

Also, do the following if the estate or trust computed the 2014 tax under Arizona's claim of right provisions.

1. Write "A.R.S. 43-1029" and the amount of the prior year tax reduction in the space to the left of the total payment amount.
2. Include the credit for the prior year tax reduction in the total entered on line 24.
3. Include a schedule explaining the amounts repaid and the computation of the tax reduction for the prior year(s).

For more information on Arizona's claim of right provisions, see Individual Income Tax Procedure, ITP 95-1.

Line 25 - Refund From Original Return (if amending)

Enter any refunds received from your original filing.

Line 26 - Balance of Payments

Subtract line 25 from line 24. Enter the difference.

Overpayment or Balance Due

Line 27 - Balance Due

Subtract line 26 from line 19. This is the amount the estate or trust owes. Make the check payable to the Arizona Department of Revenue. Be sure to write the estate's or trust's EIN and tax year on the front of the check. Include the check with the return.

Line 28 - Refund Due

Subtract line 19 from line 26. This is the amount the State of Arizona owes the estate or trust.

Line 29 - Amount of Line 28 to be Applied to the 2015 Estimated Tax

If the estate or trust wants all or part of the refund applied to next year's Arizona estimated taxes, enter that amount.

Line 30 - Balance of Refund/Overpayment

Subtract line 29 from line 28. Enter the difference.

Declaration

The individual or authorized officer of the organization receiving or having custody, control, or management of the income of the estate or trust must sign the declaration. If two or more individuals act jointly as fiduciaries, any one of them may sign the declaration.

Filing Reminder to Fiduciary Filers

1. **DO NOT *STAPLE* THE RETURN. DO NOT STAPLE ANY DOCUMENT, SCHEDULE OR PAYMENT TO THE RETURN.**
2. Be sure to use the correct year's form to file the return. Also, be sure to clearly mark the period covered by the return.
3. Enter the correct EIN on the return.
4. If the estate or trust is ready to file but has not yet received an EIN, it may file the return. Let us know what the number is as soon as it is received. Mail the correspondence to:

   Taxpayer Assistance
   Arizona Department of Revenue
   PO Box 29086
   Phoenix, AZ 85038-9086
5. Write the estate's or trust's EIN and tax year on the front of all checks and correspondence. Include the check with the return.
6. Do not attach correspondence to the back of the return. Mail all correspondence separate from returns to:

   Taxpayer Assistance
   Arizona Department of Revenue
   PO Box 29086
   Phoenix, AZ 85038-9086
7. When filing returns that generate a refund due to any previous payments (i.e., amount paid with extension, amount paid as estimated payment, amount paid with original returns), it may speed the refund process if a copy of the canceled check of the previous payment accompanies the return generating the refund.
8. If the estate or trust is a fiscal year filer (for periods not ending on December 31), use the Tax Table for the prior year. Example: If filing for April 1, 2013, to March 31, 2014, use the 2013 Tax Table. If this return is for a short taxable year, use the 2014 Tax Table. Example: If filing for June 1, 2014, to November 30, 2014, use the 2014 Tax Table.
9. If the income is taxable but deductions bring the return to zero, make sure all necessary lines are filled in to support this declaration.

10. Grantor trusts file an information return using Form 141AZ showing no numerical figures for lines 7 through 30. Taxable income on a grantor trust reverts to the grantor. The grantor reports this income on the Arizona individual income tax return. The fiduciary should indicate that the return is for a grantor trust by checking the appropriate box on line 6.
11. When filing an amended Form 141AZ return, be sure the return is marked as an amended return. You must plainly mark an amended return "amended" by checking the appropriate box on line 6. If amending the 2014 return use the 2014 form. If amending a different tax year, use the Form 141AZ for that tax year.
12. File returns on time to avoid late filing and/or late payment penalties. Returns are due on the 15th day of the fourth (4th) month from the date the tax period ends.

Taxpayer's Identification Numbers

All returns, statements, and other documents filed with the Arizona Department of Revenue require a taxpayer identification number (TIN). The TIN for a trust or an estate is its EIN.

Taxpayers who fail to include the proper TIN may be subject to a penalty. Please check the return to be sure that all required identification numbers are accurate and written clearly. Missing, incorrect, or unclear identification numbers may cause delays in processing the returns.

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
- the EIN for business

A paid preparer who fails to include the proper numbers may be subject to a penalty.

Name of estate or trust (as shown on AZ 141, page 1)	Employer Identification Number

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

☐ **Original return** ☐ **Amended return**

	(a) Long-Term Capital Gain or (loss) as reported on federal Schedule D (or other form or schedule) *Enter* the total net long-term capital gains or (losses) from the following forms in each applicable column. *See page 13 for instructions.*	(b) Total net long-term capital gain or (loss) included in Arizona gross income from all assets (**see instructions)**	(c) Net long-term capital gain or (loss) included in column (b) from assets acquired *before* January 1, 2012	(d) Net long-term capital gain or (loss) included in column (b) from assets acquired *after* December 31, 2011	(e) Amount from column (d) taxable to the estate or trust	(f) Amount from column (d) distributed to all beneficiaries
1	Long-term capital gain or (loss) amounts reported directly on federal Schedule(s) D and D-1 (*combine* the amounts and enter the result).					
2	Form(s) 2439 *Notice to Shareholder of Undistributed Long- Term Capital Gains*					
3	Form(s) 4684 *Casualties and Thefts*					
4	Form(s) 6252 *Installment Sale Income*					
5	Form(s) 6781 *Gains and Losses from Sec. 1256 Contracts and Straddles*					
6	Form(s) 8824 *Like-Kind Exchanges*					
7	Partnerships, S corporations, and other estates and trusts – from AZ 120S Schedule K-1; AZ 165 Schedule K-1; and AZ 141 Schedule K-1					
8	Form(s) 4797 Sales of Business Property (Gain in Part I)					
9	Form(s) 1099-DIV *Dividends and Distributions*					
10	Subtotal: for each column, *combine* the amounts and enter the total.					
11	Available long-term capital loss carryover. Enter the amount, if any, in each applicable column.					
12	Subtract line 11 from line 10 and enter the difference in each applicable column.					
13	For amounts to enter on line 13, columns (a) through (e), see the worksheet instructions.					
14	Net long-term capital gain or (loss) *Subtract* line 13 from line 12 and enter the result in each applicable column.					

Estate and Trust

- **Total net long-term capital gain or (loss):**
  Enter the amount on line 14, column (b) on Form 141AZ, line 15c.
- **Net long-term capital gain or (loss) from assets acquired after December 31, 2011:**
  If the amount on line 14, column (e) is a net ***gain***, enter the amount from line 14, column (e) on Form 141AZ, line 15d.
  If the amount on line 14, column (e) is a net ***loss,*** the estate or trust cannot take a subtraction for any net long-term capital gain from assets acquired after December 31, 2011.

Instructions for completing the worksheet for the subtraction from Arizona gross income for the net long-term capital gain from assets acquired *after* December 31, 2011.

Purpose of the Worksheet

The estate or trust may subtract a percentage of any undistributed net long-term capital gain included in its federal taxable income (resident estate or trust) or its Arizona gross income (nonresident estate or trust) that is from an investment in an asset acquired after December 31, 2011. The worksheet is used to identify a *qualified* asset. For purpose of this subtraction, "qualified" means a capital asset acquired after December 31, 2011 and held for more than one year.

To take the allowable subtraction, you must know whether the capital gain or (loss) is considered short-term or long-term. Only the net long-term capital gain from qualified assets is used to compute the allowable subtraction. For more information about determining whether a gain or (loss) is short term or long term, see federal *Publication 544* at www.irs.gov.

Who Should Complete this Worksheet?

Complete the worksheet to compute the allowable subtraction if the estate or trust has a net long-term capital gain included in federal taxable income (resident estate or trust) or its Arizona gross income (nonresident estate or trust) and the gain includes assets purchased *after* December 31, 2011.

Do ***not*** complete this worksheet if either of the following applies.

- The estate or trust does not have any capital gains to report for the current tax year; or
- The estate or trust does not have any net capital gain from qualified asset(s) acquired *after* December 31, 2011, to report for the current tax year.

General Instructions

1. Enter the estate's or trust's name and employer identification number as shown on Form 141AZ, page 1.
2. Check the box if this worksheet is for an original or an amended return.
3. Keep this worksheet for the estate's or trust's records.

Line-by-Line instructions for completing the worksheet

Columns (a) through (d)

- **Column (a)**, lines 1 through 8, lists the federal forms reported on Schedule D (Form 1041). Line 9 identifies the total capital gain distributions reported on Form(s) 1099-DIV.
- **Column (b)** is the total amount of *net* long-term capital gains or (losses) included in Arizona gross income. For a resident estate or trust, the Arizona gross income is the federal taxable income. For a nonresident estate or trust, the Arizona gross income is that part of the federal taxable income derived from Arizona sources.
- **Column (c)** is the amount of the long-term capital gains or (losses), included in column (b) for assets acquired before January 1, 2012.
- **Column (d)** is the amount of the long-term capital gains or (losses), included in column (b) for assets acquired ***after*** December 31, 2011.
- **Column (e)** is the amount of the long-term capital gains or (losses) for assets acquired ***after*** December 31, 2011, taxable to the estate or trust.
- **Column (f)** is the amount of the long-term capital gains or (losses) for assets acquired ***after*** December 31, 2011, distributed to all beneficiaries.

Lines 1 through 8 - Capital Gains or (Losses) Reported on Federal Schedule D

Enter the long-term capital gain or (loss) from the federal form listed that was reported on the estate's or trust's federal Schedule D and included in federal taxable income. (resident estate or trust) or its Arizona gross income (nonresident estate or trust).

Line 9 - Form(s) 1099-DIV *Dividends and Distributions*

Enter the long-term capital gain or (loss) reported on Form(s) 1099-DIV and included in the estate's or trust's federal taxable income (resident estate or trust) or its Arizona gross income (nonresident estate or trust).

NOTE: *Some taxpayers are not required to file Schedule D. In these cases, the long-term capital gains or (losses) are reported directly on the taxpayer's income tax return. Enter those items on line 9.*

Line 10 - Subtotal

For each column, combine the amounts listed on lines 1 through 9 and enter the result.

Line 11 - Long-Term Capital Loss Carryover

If the estate or trust used a long-term capital loss carryover from previous tax years to reduce its long-term capital gains for the current taxable year, enter the amount used to apply to gains from assets acquired after December 31, 2011, in columns (c).

Line 12 –

Subtract line 11 from line 10 and enter the difference in each applicable column.

Line 13 –

To determine the amount to enter on line 13, columns (a), (b) and (c); answer the following questions.

Did the estate or trust take a subtraction for any net capital gain included in federal adjusted gross income for the taxable year derived from investment in a qualified small business on Form 141AZ, page 1, line 14?

- If "no", enter zero on line 13.
- If "yes", does that amount include any net long-term capital gain from an investment made **after** December 31, 2011?
  - If "no", enter zero on line 13.
  - If "yes", enter the amount of any net long-term capital gain from an investment made after December 31, 2011, and included in the amount subtracted on Form 141AZ, page 1, line 14.

Line 14 - Undistributed Net Long-Term Capital Gain or (Loss)

Subtract line 13 from line 12 and enter the result in each applicable column.

- Enter the amount on line 14, column (b) on Form 141AZ line 15(c).If the result for line 14, column (e) is a net capital gain, enter the result on Form 141AZ, page 1, line 15d.
- If the amount on line 14, column (e) is a net capital loss, the estate or trust cannot take a subtraction for any net long-term capital gain from assets acquired after December 31, 2011.

NOTE: *Follow the instructions on Arizona Form 141AZ Schedule K-1, Part 2; or Schedule K-1 (NR), Part 3, for amounts to report to the beneficiaries.*

Example of the computation of Arizona fiduciary income tax, resident beneficiary's Arizona fiduciary adjustment, and nonresident beneficiary's Arizona source income.

The federal Form 1041 for the Judy Jones estate showed the following items of income and deduction:

Interest Income	$ 32,614
Dividends	4,800
Net Rent Income (AZ)	16,832
Total Income	$ 54,246
Less: Fiduciary Fees	6,000
Accountant's Fees	1,500
Total Fees	(7,500)
Adjusted Total Income	$ 46,746
Less: Income Distribution Deduction	34,189
Exemption	600
Total Deductions	($ 34,789)
Taxable Income	$ 11,957

The estate also had $2,476 in non-Arizona municipal bond interest during the taxable year. $24,000 was distributed to Jane Jones, an Arizona resident and $12,000 to June Jones, a nonresident of Arizona. The estate had $8,700 in U.S. Government interest.

The shares of federal distributable net income (DNI) are as follows:

Jane Jones	$ 24,000	48.76%
June Jones	12,000	24.38%
Judy Jones Estate	13,222	26.86%
Total	$ 49,222	100.00%

The estate's Arizona taxable income is figured as follows:

Federal taxable income		$ 11,957
Modifications increasing federal taxable income: Non-Arizona municipal bond interest	$ 2,476	
Modifications decreasing federal taxable income: U.S. Government Interest	$ 8,700	
Net Modifications	$(6,224)	
Allocated to the estate @ 26.86%		$ (1,672)
Arizona taxable income		$ 10,285

June Jones income reportable to Arizona is figured as follows:

Share of federal distributable net income	$ 12,000
From Arizona sources @ 29.67%	3,561

Arizona source income is figured as follows:

Rental income (Arizona) $16,832
Total income $56,722 ($54,246 + $2,476) = 29.67%

This can be verified as follows:

June's share of income $12,000

DNI $49,222 ($46,746+$2,476)	=	29.67%
Share of rental income $16,832 X 24.38%	=	$4,104
Share of fees $7,500 X 24.38% X 29.67% *	=	(543)
Net Arizona income		$3,561

* Share of fees allocated to rental income

Jane Jones share of the Arizona fiduciary adjustment is figured as follows:

Share of non-Arizona municipal bond interest $ 2,476 x 48.76%	$ 1,207
Share of U.S. Government Interest $ 8,700 x 48.76%	4,242
Net modification	$(3,035)

2014 Tax Table for Estate or Trust

(a) If taxable income from Form 141AZ, page 1, line 16 is: Over	But not over	(b) Enter the amount from Form 141AZ, page 1, line 16		(c) Multiply the amount entered in column (b) by		(d) Enter the result		(e) Subtract		(f) Tax Round the difference and enter this amount on Form 141AZ, page 1, line 17
$0	$10,000		X	.0259	=		-	0	=	
$10,000	$25,000		X	.0288	=		-	$ 29.00	=	
$25,000	$50,000		X	.0336	=		-	$ 149.00	=	
$50,000	$150,000		X	.0424	=		-	$ 589.00	=	
$150,000	and over		X	.0454	=		-	$ 1,039.00	=	

Arizona Form **141AZ Schedule K-1**	**Resident or Part-Year Resident Beneficiary's Share of Fiduciary Adjustment**	FOR CALENDAR YEAR **2014**

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Name of Estate or Trust	Estate or Trust Employer Identification Number (EIN)
Beneficiary's Name	Fiduciary's Name
Beneficiary's I.D. Number	Fiduciary's Address - number and street, or rural route
Beneficiary's Address - number and street, or rural route	Fiduciary's City, Town or Post Office State ZIP Code
Beneficiary's City, Town or Post Office State ZIP Code	Fiduciary's Phone Number – include area code
Beneficiary's Daytime Phone Number – include area code	

Part 1 Beneficiary's Share of Fiduciary Adjustment

1	Net fiduciary adjustment to be allocated: Enter the amount from Form 141AZ, Schedule C, line C14	**1**	00
2	Percent of beneficiary's share of federal distributable income from Form 141AZ, Schedule C	**2**	%
3	Multiply the amount on line 1 by the percent on line 2, and enter the result	**3**	00

Full-year Resident Individual Beneficiaries:

- If the amount on line 3 is a positive number, enter this amount as an *Other Addition* to income on AZ Form 140, page 1, line 16.
- If the amount on line 3 is a negative number, enter this amount as an *Other Subtraction* from income on AZ Form 140, page 1, line 35.

Part-year Resident Individual Beneficiaries:

- If the amount on line 3 is a positive number, enter that portion of line 3 allocable to estate or trust income taxable by Arizona as an *Other Addition* to income on AZ Form 140PY, page 1, line 30.
- If the amount on line 3 is a negative number, enter that portion of line 3 allocable to estate or trust income taxable by Arizona as an *Other Subtraction* from income on AZ Form 140PY, page 2, line 47.

Continued on page 2 ➔

Name of Estate or Trust (as shown on page 1)	Employer Identification Number

Part 2 Net Long-Term Capital Gain Subtraction – Information Schedule

INSTRUCTIONS FOR THE FIDUCIARY:

Arizona allows a subtraction from Arizona gross income for a percentage of any net long-term capital gain from assets acquired **after** December 31, 2011 and included in the individual's federal adjusted gross income or the estate's or trust's federal taxable income.

- If the **individual** beneficiary's federal Schedule K-1 (Form 1041) includes an amount for any net capital gain or (loss), complete line 4, column (b) and line 5, columns (b) through (d).
- If this is the final return for the estate or trust and a capital loss carryover amount was distributed to the beneficiary, complete line 6, column (b) and line 7, columns (b) through (d).

	(a) Item	(b) Amount reported on federal Schedule K-1	(c) Net ***long-term*** capital gain or (loss) included in column (b) from assets acquired *before* January 1, 2012	(d) Net ***long-term*** capital gain or (loss) included in column (b) from assets acquired *after* December 31, 2011
4	Total net short-term capital gain or (loss) from Form 141AZ, page 1, line 15b distributed to the beneficiary..... **4**			
5	Total net long-term capital gain or (loss) from Form 141AZ, page 1, line 15c distributed to the beneficiary..... **5**			
6	Short-term capital loss carryover(s) distributed to the beneficiary upon termination of the estate or trust..... **6**			
7	Long-term capital loss carryover(s) distributed to the beneficiary upon termination of the estate or trust..... **7**			

INSTRUCTIONS FOR THE INDIVIDUAL BENEFICIARY:

The beneficiary should complete the worksheet, *Worksheet for Net Long-Term Capital Gain Subtraction for Assets Acquired **After** December 31, 2011*, to determine the allowable subtraction. The worksheet is included in the instructions for the resident and part-year resident income tax returns (AZ Forms 140 and 140PY).

Full-year residents use the amount on line 5, column (d) to figure the allowable subtraction on the worksheet included with AZ Form 140.

Part-year residents use only that portion of the amount on line 5, column (d) that is included in your Arizona gross income to figure the allowable subtraction on the worksheet that is included with AZ Form 140PY.

INSTRUCTIONS FOR THE FIDUCIARY BENEFICIARY:

If the net long-term capital gain (loss) on line 5, above, is taxed at the estate or trust level, use the information above to complete the *Worksheet for Net Long-Term Capital Gain Subtraction for Assets Acquired **After** December 31, 2011*, included in the instructions of Form 141AZ for the estate or trust.

If the net long-term capital gain (loss) on Part 2, line 5, above, is distributed to the beneficiary, use the information above to complete the *Worksheet for Net Long-Term Capital Gain Subtraction for Assets Acquired **After** December 31, 2011*, included in the instructions of Form 141AZ. The worksheet will assist the estate or trust in completing the *Net Long-Term Capital Gain Subtraction – Information Schedule* on Arizona Form 141AZ, Schedule K-1 or Schedule K-1(NR), for each beneficiary.

2014 Resident or Part-Year Resident Beneficiary's Share of Fiduciary Adjustment

Arizona Schedule 141AZ K-1

Phone Numbers

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 and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

Publications and Brochures

To view or print the department's publications and brochures, go to our website and click on *Publications*.

General Instructions for Fiduciary

Complete Form 141AZ, Schedule K-1, for each resident or part-year resident beneficiary.

File one copy of each Schedule K-1 with Form 141AZ.

Provide all beneficiaries with a copy of their Schedule K-1. Keep a copy for your records.

Foreign Addresses

If a beneficiary or the fiduciary has 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's name.

Line-by-Line Instructions

Part 1 - Beneficiary's Share of Fiduciary Adjustment

Instructions for Fiduciary

Line 1 -

Enter the net fiduciary adjustment to be allocated to beneficiaries from Form 141AZ, Schedule C, line C14. If this is a negative amount, enter the amount in brackets.

Line 2 -

Enter the percentage of the beneficiary's share of federal distributable net income from Form 141AZ, Schedule C.

Line 3 -

Multiply line 1 by the percentage on line 2. Enter the result. If the result is a negative number, enter the number in brackets. This is the beneficiary's share of the fiduciary adjustment.

Instructions for Beneficiary

The fiduciary uses Form 141AZ, Schedule K-1, to report to you your share of the fiduciary adjustment from the estate or trust.

Do not file this Schedule K-1 with your return. Keep this Schedule K-1 with your records. The fiduciary filed a copy of this form with the department.

Resident Beneficiary

Line 3 shows your share of the fiduciary adjustment from the estate or trust. If the amount on line 3 is a positive number, you must report this amount as an *addition to income* on your Arizona return. If you are an individual, report this amount as an *Other Addition* to income on your Arizona Form 140, page 1, line 16.

If the amount on line 3 is a negative number, you must report this amount as a *subtraction from income* on your Arizona return. If you are an individual, report this amount as an *Other Subtraction* from income on your Arizona Form 140, page 1, line 35.

Part-Year Resident Beneficiary

If you are a part-year resident individual, report estate or trust income received while you were an Arizona resident. Also, report estate or trust income received from Arizona sources while you were a nonresident. Report this income on AZ Form 140PY, page 1, line 22 (ARIZONA column). The amount that you should report on your AZ Form 140PY, page 1, line 22 (FEDERAL column) is the amount from your federal income tax return.

If the amount on line 3 is a positive number, enter that portion of line 3 that is allocable to estate or trust income taxable by Arizona on Arizona Form 140PY, page 1, line 30.

If the amount on line 3 is a negative number, enter that portion of line 3 that is allocable to estate or trust income taxable by Arizona on Arizona Form 140PY, page 2, line 47.

Part 2 - Net Long-Term Capital Gain Subtraction (Information Schedule)

Arizona allows a subtraction from Arizona gross income for a percentage of any net long-term capital gain from assets acquired after December 31, 2011, and included in the individual taxpayer's federal adjusted gross income or the estate's or trust's federal taxable income.

Instructions for Fiduciary

Lines 4 through 7

If the **individual** beneficiary's federal Schedule K-1 (Form 1041) includes an amount for any net capital gain or (loss), complete lines 4 through 7 as instructed on page 2 of Form 141AZ, Schedule K-1.

Instructions for Beneficiaries

Follow the instructions on Form page 2 of Form 141AZ, Schedule K-1.

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Arizona Form **141AZ Schedule K-1(NR)**	**Nonresident Beneficiary's Share of Income and Share of Fiduciary Adjustment**	FOR CALENDAR YEAR **2014**

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y .

Name of Estate or Trust	Estate or Trust Employer Identification Number (EIN)
Beneficiary's Name	Fiduciary's Name
Beneficiary's I.D. Number	Fiduciary's Address - number and street, or rural route
Beneficiary's Address - number and street, or rural route	Fiduciary's City, Town or Post Office State ZIP Code
Beneficiary's City, Town or Post Office State ZIP Code	Fiduciary's Phone Number – include area code
Beneficiary's Daytime Phone Number – include area code	

Part 1 Arizona Nonresident Beneficiary's Share of Federal Distributable Income From Arizona Sources

1	Federal distributable net income from Arizona sources: Enter the amount from Form 141AZ, Schedule D, line D9, column (c)	1	00
2	Beneficiary's share of the amount entered on line 1: Nonresident individual beneficiaries, also enter this amount on Form 140NR, page 1, line 21, "ARIZONA" column	2	00

Part 2 Arizona Nonresident Beneficiary's Share of Fiduciary Adjustment Related to Arizona Source Income

3	Net fiduciary adjustment to be allocated: Enter the amount from Form 141AZ, Schedule C, line C14	3	00
4	Amount on line 3 related to Arizona source income allocated to all nonresident beneficiaries	4	00
5	Beneficiary's share of the amount entered on line 4	5	00

- If the amount on line 5 is a positive number, enter this amount as an *Other Addition* to income on AZ Form 140NR, page 1, line 29.
- If the amount on line 5 is a negative number, enter this amount as an *Other Subtraction* from income on AZ Form 140NR, page 2, line 46.

Continued on page 2 ➔

Name of Estate or Trust (as shown on page 1)	Employer Identification Number

Part 3 Net Long-Term Capital Gain Subtraction – Information Schedule

INSTRUCTIONS FOR THE FIDUCIARY:

Arizona allows a subtraction from Arizona gross income for a percentage of any net long-term capital gain from assets acquired **after** December 31, 2011 and included in the individual's Arizona gross income or the estate's or trust's Arizona gross income.

- If the **individual** beneficiary's federal Schedule K-1 (Form 1041) includes an amount for any net capital gain or (loss), complete line 6, columns (b) and (c) and line 7, columns (b) through (e).
- If this is the final return for the estate or trust and a capital loss carryover amount was distributed to the beneficiary, complete line 8, columns (b) and (c) and line 9, columns (b) through (e).

	(a) Item	(b) Amount reported on federal Schedule K-1	(c) Amount included in column (b) from Arizona sources	(d) Net ***long-term*** capital gain or (loss) included in column (c) from assets acquired before January 1, 2012	(e) Net ***long-term*** capital gain or (loss) included in column (c) from assets acquired after December 31, 2011
6	Total net short-term capital gain or (loss) from Form 141AZ, page 1, line 15b distributed to the beneficiary..... **6**				
7	Total net long-term capital gain or (loss) from Form 141AZ, page 1, line 15c distributed to beneficiary..... **7**				
8	Short-term capital loss carryover(s) distributed to the beneficiary upon termination of the estate or trust..... **8**				
9	Long-term capital loss carryover(s) distributed to the beneficiary upon termination of the estate or trust..... **9**				

INSTRUCTIONS FOR AN INDIVIDUAL BENEFICIARY:

The beneficiary should complete the worksheet, *Worksheet for Net Long-Term Capital Gain Subtraction for Assets Acquired **After** December 31, 2011*, to determine the allowable subtraction. The worksheet is included in the instructions for the nonresident income tax return (AZ Form 140NR).

Nonresidents may use only the amount of Arizona-sourced, net capital gains entered on line 7, column (e) to figure the allowable subtraction on the worksheet that is included with AZ Form 140NR.

INSTRUCTIONS FOR THE FIDUCIARY BENEFICIARY:

If the net long-term capital gain (loss) on Part 3, line 7, above, is taxed at the estate or trust level, use the information above to complete the *Worksheet for Net Long-Term Capital Gain Subtraction for Assets Acquired **After** December 31, 2011*, included in the instructions of Form 141AZ for the estate or trust.

If the net long-term capital gain (loss) on Part 3, line 7, above, is distributed to the beneficiary, use the information above to complete the *Worksheet for Net Long-Term Capital Gain Subtraction for Assets Acquired **After** December 31, 2011*, included in the instructions of Form 141AZ. The worksheet will assist the estate or trust in completing the *Net Long-Term Capital Gain Subtraction – Information Schedule* on Form 141AZ, Schedule K-1 or Schedule K-1(NR), for each beneficiary.

INSTRUCTIONS FOR THE PARTNERSHIP OR S CORPORATION BENEFICIARY:

The information in Part 3, above, should be used to complete the Worksheet for *Net Long-Term Capital Gain Subtraction for Assets Acquired **After** December 31, 2011*, included in the instructions of AZ Form 165 or AZ Form 120S. The worksheet will assist the partnership or S corporation in completing the *Net Long-Term Capital Gain Subtraction – Information Schedule* on AZ Form 165, Schedule K-1 or Schedule K-1(NR), for each partner; or AZ Form 120S, Schedule K-1 or Schedule K-1(NR), for each shareholder.

INSTRUCTIONS FOR THE C CORPORATION OR EXEMPT ORGANIZATION BENEFICIARY:

A subtraction is not allowed for a C corporation or an exempt organization. The information in Part 3, above, is informational only, and not required to be reported by the C corporation or exempt organization.

2014 Nonresident Beneficiary's Share of Income and Share of Fiduciary Adjustment

Arizona Schedule 141AZ K-1 (NR)

Phone Numbers

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 and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

Publications and Brochures

To view or print the department's publications and brochures, go to our website and click on *Publications*.

General Instructions for Fiduciary

Complete a Form 141AZ, Schedule K-1(NR), for each nonresident beneficiary.

File one copy of each Schedule K-1(NR) with the fiduciary's Form 141AZ.

Provide all nonresident beneficiaries with a copy of their Schedule K-1(NR). Keep a copy for your records.

Foreign Addresses

If a beneficiary or the fiduciary has 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's name.

Line-by-Line Instructions

Part 1 - Beneficiary's Share of Federal Distributable Net Income From Arizona Sources

Instructions for Fiduciary

Line 1 -

Enter the federal distributable net income from Arizona sources. Enter the amount from Form 141AZ, Schedule D, line D9, column (c).

Line 2 -

Enter the beneficiary's share of federal distributable net income from Arizona sources.

Part 2 - Beneficiary's Share of Fiduciary Adjustment Related to Arizona Source Income

Line 3 -

Enter the net fiduciary adjustment to be allocated to the beneficiaries from Form 141AZ, Schedule C, line C14. If this is a negative amount, enter the amount in brackets.

Line 4 -

Enter the amount of line 3 related to Arizona source income that is allocated to **all** nonresident beneficiaries.

Line 5 -

Enter the amount of line 4 allocated to the beneficiary. If the result is a negative number, enter the number in brackets.

This is the beneficiary's share of the fiduciary adjustment.

Instructions for Beneficiary

The fiduciary uses Form 141AZ, Schedule K-1(NR), to report to you your share of the federal distributable income from Arizona sources and your share of fiduciary adjustment from the estate or trust.

Do not file this Schedule K-1(NR) with your return. Keep this Schedule K-1(NR) with your records. The fiduciary filed a copy of this form with the department.

Nonresident individual beneficiaries should enter the amount from Form 141AZ, Schedule K-1(NR), line 2, on Arizona Form 140NR, page 1, line 21, in the ARIZONA column.

Line 5 shows your share of the fiduciary adjustment from the estate or trust. If the amount on line 5 is a positive number, you must report this amount as an *addition to income* on your Arizona return. If you are a nonresident individual, report this amount as an *Other Addition* to income on your Arizona Form 140NR, page 1, line 29.

If the amount on line 5 is a negative number, you must report this amount as a *subtraction from income* on your Arizona return. If you are a nonresident individual, report this amount as an *Other Subtraction* from income on your Arizona Form 140NR, page 2, line 46.

Part 3 - Net Long-Term Capital Gain Subtraction (Information Schedule)

Arizona allows a subtraction from Arizona gross income for a percentage of any net long-term capital gain from assets acquired after December 31, 2011, and included in the individual's Arizona gross income or the estate's or trust's Arizona gross income.

Instructions for Fiduciary

Lines 6 through 9 -

If the **individual** beneficiary's federal Schedule K-1 (Form 1041) includes an amount for any net long-term capital gain or (loss) from Arizona sources, complete lines 6 through 9 as instructed on page 2 of Form 141AZ, Schedule K-1(NR).

Instructions for Beneficiaries

Follow the instructions on page 2 of Form 141AZ, Schedule K-1 (NR).

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DO NOT STAPLE ANY ITEMS TO THE FORM.

Arizona Form
141AZ ES

Estate or Trust Estimated Income Tax Payment

FOR CALENDAR YEAR **2015**

STOP
- DO NOT USE THIS FORM TO MAKE DELINQUENT INCOME TAX PAYMENTS.
- Use this form only for voluntary estimated payments for an estate or trust.

This estimated payment is for tax year ending December 31, 2015, or for tax year ending: M M D D 2 0 Y Y

1 Print Name of Estate or Trust	Employer Identification Number (required)
2 Print Name and Title of Fiduciary	
3 Address of Fiduciary - number and street, or rural route	REVENUE USE ONLY. DO NOT MARK IN THIS AREA. 88
4 City, Town or Post Office / State / ZIP Code	
Daytime Phone Number of Fiduciary/Representative – include area code	81 PM / 80 RCVD

1 Payment: You must round your estimated payment to a whole dollar (no cents).
Enter the amount of **payment enclosed**..... $ _____ 00

2 Check only one box for the quarter for which this payment is made.
Do not select more than one quarter.
You must submit a separate form for *each quarter* for which a payment is made.

Payment for **calendar year filers** are due as follows:

☐ 1st Quarter – January to March	Due date is **April 15, 2015.**
☐ 2nd Quarter – April to June	Due date is **June 15, 2015.**
☐ 3rd Quarter – July to September	Due date is **September 15, 2015.**
☐ 4th Quarter – October to December	Due date is **January 15, 2016.**

Payment for **fiscal year filers** are due as follows:

☐ 1st Quarter – 15th day of the **fourth** month of the current fiscal year.	
☐ 2nd Quarter – 15th day of the **sixth** month of the current fiscal year.	
☐ 3rd Quarter – 15th day of the **ninth** month of the current fiscal year.	
☐ 4th Quarter – 15th day of the **first** month of the next fiscal year.	

If any of the due dates fall on a Saturday, Sunday or legal holiday, you may make the required payment for that quarter by midnight on the next business day following that day.

IMPORTANT

To ensure proper application of this payment, be sure that you:

- ✓ Complete and submit this form in its entirety.
- ✓ Make your check payable to Arizona Department of Revenue.
- ✓ Write the estate's or trust's EIN and tax year on the payment.
- ✓ Include your payment with Form 141AZ ES.
- ✓ **Mail to** Arizona Department of Revenue, PO Box 29085, Phoenix, AZ 85038-9085.

Be sure to review the estimated income and adjust the payments as necessary during the year.

2015 Estate or Trust Estimated Income Tax Payment Instructions

Arizona Form 141AZ ES

Phone Numbers

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 and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

Publications and Brochures

To view or print the department's publications and brochures, go to our website and click on *Publications*.

Who Should Use Form 141AZ ES

A fiduciary making a voluntary estimated payment on behalf of an estate or a trust should use Form 141AZ ES.

General Information

- Please type or print the estate's or trust's employer identification number (EIN).
- Complete Form 141AZ ES using black ink.
- Once you make an estimated payment, you must file a tax return for that year in order to claim the estimated payment.
- You must round each estimated payment to whole dollars (no cents).
- Check only **one** box for the quarter for which this payment is made. Do not select more than one quarter. You must submit a separate form for each quarter for which a payment is made.
- Use the 2014 tax table to help estimate this year's tax liability.
- If the fiduciary has 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.

Voluntary Payments

Estates and trusts are not required to make Arizona estimated income tax payments. An estate or a trust may choose to make voluntary estimated income tax payments.

Taxpayers who elect to make voluntary estimated payments may choose one of the following three methods to make their payments.

Method 1: If you pay federal estimated tax, you can file Form 141AZ ES at the same time. The amount that you remit with Form 141AZ ES should be 10%, 15%, or 20% of the amount that you paid on the federal Form 1041-ES.

Method 2: You may pay installments using Form 141AZ ES. If you are a calendar year taxpayer, pay four installments by the following dates.

Installment	Due Date
First Quarter	April 15, 2015
Second Quarter	June 15, 2015
Third Quarter	September 15, 2015
Fourth Quarter	January 15, 2016

If you are a fiscal year tax filer

For fiscal year tax filers, the estate or trust may pay all of its estimated tax by the 15th day of the 4th month of its 2014 tax year; or in four equal installments due on the 15th day of the 4th, 6th, and 9th months of the current tax year, and the 1st month of the next fiscal year.

NOTE: *If any due date falls on a Saturday, Sunday, or legal holiday, you may make the installment by midnight on the next business day following that day.*

The sum of the amounts remitted should equal your estimated end-of-tax-year liability.

Method 3: You may file an Arizona Estimated Tax Payment Form 141AZ ES with a single, lump-sum payment before January 15, 2016. The payment should reflect your estimated end-of-tax-year liability.

Record of Estimated Income Tax Payments		
	Date Made	**Amount**
Amount of 2014 overpayment applied to 2015 estimated tax		.00
Payment # 1		.00
Payment # 2		.00
Payment # 3		.00
Payment # 4		.00
	Total:	.00

Sending Your Payment

Fiduciaries filing Form 141AZ ES making estimated payments must make those payments by check or money order.

Check or money order

Fill in the amount of your payment on Form 141AZ ES. Round your payment to the nearest dollar. Include the estate's or trust's EIN and tax year on the check or money order. Make your check payable to Arizona Department of Revenue and include it with the return.

Mail the check along with Form 141AZ ES to:

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

The department cannot accept checks or money orders in foreign currency. You must make payment in U.S. dollars.

DO NOT STAPLE ANY ITEMS TO THE FORM.

Arizona Form
141AZ EXT

Application for Filing Extension
For Fiduciary Returns Only

FOR CALENDAR YEAR **2014**

For the calendar year 2014 or fiscal year beginning M M D D 2 0 1 4 and ending M M D D 2 0 Y Y. 66

1 Print Name of Estate or Trust | Employer Identification Number (required)

2 Print Name and Title of Fiduciary

3 Address of Fiduciary - number and street, or rural route

4 City, Town or Post Office | State | ZIP Code

Daytime Phone Number of Fiduciary/Representative – include area code

REVENUE USE ONLY. DO NOT MARK IN THIS AREA.
88

81 PM | 80 RCVD

1 Check box 1 if you are a first time Arizona income tax return filer ..... **1** ☐

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 2014 filing extension must be postmarked on or before April 15, 2015.

Arizona will grant an automatic five-month extension to fiduciaries filing Form 141AZ. Arizona will accept a valid federal extension for the period covered by the federal extension. This includes the automatic five-month fiduciary federal filing extension.

CHECK ONE BOX:	Fiscal Tax Year Ending	Return Due Date
☐ **Fiduciary Calendar Year Filers:** (filing Form 141AZ) This is a request for an automatic 5-month filing extension		September 15, 2015
☐ **Fiduciary Fiscal Year Filers:** (automatic 5-month extension period) Enter taxable year-end date and 5-month extended due date	M M D D Y Y Y Y	M M D D Y Y Y Y

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

2	Tax liability for 2014. You may estimate this amount	**2**	00
3	Arizona estimated tax payments for 2014	**3**	00
4	**Balance of Tax:** Subtract line 3 from line 2	**4**	00
5	Enter the amount of payment. Round your payment to the nearest dollar	**5**	00

- Make check payable to Arizona Department of Revenue.
- **Write the estate's or trust's EIN and *2014 extension* on the payment.**
- Include the payment with Form 141AZ EXT.

- 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.

2014 Application for Filing Extension For Fiduciary Returns

Arizona Form 141AZ EXT

Phone Numbers

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 and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

Publications and Brochures

To view or print the department's publications and brochures, go to our website and click on *Publications*.

Purpose of Form

Use Form 141AZ EXT to apply for an extension of time to file a Form141AZ.

Fiduciaries use this form to apply for an automatic five (5) month extension.

Also use Form 141AZ EXT to remit an extension payment whether you are requesting an Arizona extension or using a valid federal extension.

Enter the estate's or trust's federal employer identification number (EIN) in the space provided.

Arizona will accept your federal extension for the period covered by the federal extension.

Foreign Addresses

If the fiduciary has 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

For 2014, you must file Form 141AZ EXT by April 15, 2015 (or by the original due date of the return).

Complete Form 141AZ EXT to request an automatic 5 month extension (fiduciaries filing Form 141AZ). Mark your envelope "Extension Request."

An extension does not extend the time to pay your income tax. You must still pay your tax liability by April 15 (or by the original due date of your return). If you do not pay at least 90% of the 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: the estate or trust may be charged this penalty if it does not pay at least 90% of the tax liability shown on your return filed under an extension by the return's original due date. 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 impose this penalty from the original due date of the return until the tax is paid. This penalty cannot exceed 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 § 42-1125(D).

Making Your Payment

Check or money order

Fiduciaries filing Form 141AZ must make extension payments by check or money order.

Make your check or money order payable to Arizona Department of Revenue. Write the estate's or trust's EIN and **2014 extension** on the **front** of the check or money order. Include the check or money order with Form 141AZ EXT.

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.

Mailing Instructions

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

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

If you are **not sending a payment** with this request, mail the request to:

Arizona Department of Revenue
Extension Request
PO Box 52138
Phoenix, AZ 85072-2138

The department will not return a copy of the Form 141AZ EXT to you.

Be sure to keep a copy of the completed Form 141AZ EXT for your record.

Arizona Form
210

Notice of Assumption of Duties in a Fiduciary Capacity

Complete and mail to: **Arizona Department of Revenue**
Attention: Collection Fiduciary Unit
1600 West Monroe - Division Code 23
Phoenix, AZ 85007-2650
For assistance, call (602) 716-7809

Notice is hereby given of the assumption of duties in a fiduciary capacity in the estate named below pursuant to A.R.S. § 43-1366.

Section 1 Decedent Information

Full Name of Decedent	Decedent's Social Security Number	Decedent's Date of Death M M D D Y Y Y Y
	Estate's Employer I.D. Number	Decedent's Date of Birth M M D D Y Y Y Y
Full Name of Spouse	Spouse's Social Security Number	If spouse is deceased, Date of Death M M D D Y Y Y Y
Last known home address of decedent – number and street	City, Town or Post Office	State ZIP Code
Date domicile was established in Arizona (If nonresident, describe Arizona property on a separate schedule): M M D D Y Y Y Y		
Mailing Address – if different from home address	City, Town or Post Office	State ZIP Code

Section 2 Fiduciary Information

Name of Fiduciary		Telephone Number (with area code)
Address – number and street	City, Town or Post Office	State ZIP Code

Section 3 Probate Information

County in which estate is being probated	Probate Number	Date of Fiduciary's Appointment M M D D Y Y Y Y
Name of Attorney		Telephone Number (with area code)
Address – number and street	City, Town or Post Office	State ZIP Code

Section 4 Estate Information

Approximate Value of Entire Gross Estate $	Approximate Value of Probate Estate $	
Name of Beneficiary (Include additional sheet if necessary to list additional beneficiaries.)		Beneficiary's Social Security Number
Address of Beneficiary – number and street	City, Town or Post Office	State ZIP Code

Section 5 Termination of Fiduciary Relationship

Complete this section only if you are terminating a prior notice of a fiduciary relationship.

If you are terminating a prior notice concerning fiduciary relationships on file with the Arizona Department of Revenue, check this box..... ☐

Enter the date the fiduciary capacity was terminated: M M D D Y Y Y Y

Signature

▶ SIGNATURE OF FIDUCIARY	TITLE	DATE

NOTE: Tax information on file with the department is confidential. If the fiduciary wants the department to discuss tax matters with someone other than the fiduciary, the fiduciary must authorize the department to release confidential information to that person. If a fiduciary wishes to authorize an individual to represent or perform certain acts on behalf of the entity, a Power of Attorney must be filed and signed by the fiduciary acting in the position of the taxpayer. Use Arizona Form 285 for this purpose. Form 285 may be filed with Form 210. You may obtain Form 285 from our website at **www.azdor.gov**

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Notice of Assumption of Duties in a Fiduciary Capacity

Arizona Form 210

Phone Numbers

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 and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

Publications and Brochures

To view or print the department's publications and brochures, go to our website and click on *Publications*.

Purpose of Form

Use Form 210 to notify the Arizona Department of Revenue of a fiduciary relationship for a decedent's estate. A fiduciary for a decedent's estate may be any of the following.

- An executor
- An administrator
- A personal representative
- A person in possession of property of a decedent

Who Should File

The fiduciary should file Form 210 to notify the department of either of the following.

- The creation of a fiduciary relationship for a decedent's estate.
- The termination of a fiduciary relationship for a decedent's estate.

Instructions

Section 1: Decedent Information

Enter the decedent's name, address, and social security number. Enter the estate's identification number, if applicable. Enter the dates of the decedent's death and birth, and the date decedent established domicile in Arizona. If the decedent was a nonresident, describe the decedent's Arizona property on a separate schedule. If applicable, provide the name of the decedent's spouse, the spouse's social security number, and, if deceased, the spouse's date of death.

Foreign Addresses

If the decedent had 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's name.

Section 2: Fiduciary Information

Enter the fiduciary's name, address, and telephone number. If the fiduciary has 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.

Section 3: Probate Information

Complete this section only if the decedent's estate is being probated.

- Enter the name of the county in which probate proceedings are being conducted.
- Enter the probate number, the date of the fiduciary's appointment, and the name, address, and telephone number of the attorney for the estate.

If an estate is being probated, the fiduciary may have to obtain a certificate from the department that shows no income tax is due. The probate court may require this certificate before approving the fiduciary's final account. Arizona law requires a certificate only when **all** of the following apply.

1. The estate is subject to probate.
2. On the date of death, the value of the assets of the estate exceeded $20,000.
3. The estate has a beneficiary that is not an Arizona resident.

To obtain a certificate from the department, **all** of the following must be met.

1. A written request for a certificate must be submitted. The request must contain a statement regarding the status of returns filed by or on behalf of the decedent or for the estate for the four taxable years immediately preceding the date of the request. The fiduciary must make the statement under declaration of perjury. The statement must indicate the following.
   - The years for which returns were filed.
   - The years for which the gross and Arizona taxable incomes were less than the amount necessary to require the filing of returns.
2. A return was filed by or on behalf of the decedent and for the estate for each taxable year in which the respective incomes of the decedent or estate exceeded the requirements for filing returns.
3. A final return is filed when the certificate is requested. This return must be filed regardless of the gross or net income for the year. If there is no income, file a return with "zero" on all lines.
4. The fiduciary has filed Form 210.

Section 4: Estate Information

Enter the approximate gross value of the decedent's entire estate. If the estate is being probated, also enter the approximate value of the probate estate. Enter the name, address, and social security number of each beneficiary of the estate. Include an extra sheet, if necessary.

Section 5: Termination of Fiduciary Relationship

Complete this section only if you are terminating a prior notice of assumption of duties in a fiduciary capacity on file with the department.

Signature of Fiduciary

Sign and date the completed Form 210. Include a title describing your role as a fiduciary (executor, administrator, personal representative, etc.).

Contacting the Department

Tax information on file with the department is confidential. If the fiduciary wants the department to discuss tax matters with someone other than the fiduciary, the fiduciary must authorize the department to release confidential information to that person. Use Arizona Form 285 to do the following.

- Authorize the department to release confidential information to your appointee.
- Authorize an individual to represent or perform certain acts on behalf of the entity

Form 285 may be filed with Form 210.

Mailing Form 210

DO NOT *STAPLE* YOUR RETURN. DO NOT STAPLE ANY DOCUMENTS, SCHEDULES OR PAYMENT TO THE RETURN.

Mail your completed Form 210 to:

Arizona Department of Revenue
Attention: Collections-Fiduciary Unit
1600 W Monroe - Division Code 23
Phoenix, AZ 85007-2650

Calling the Department

If you have any questions or need help with Form 210, call the department at (602) 716-7809.

Arizona Form
A1-APR

Arizona Annual Payment Withholding Tax Return

2014

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

If you file Form A1-QRT, do not file this form. Instead, file Form A1-R.

Employer Identification Number (EIN)

Period End
12/31/2014

REVENUE USE ONLY. DO NOT MARK IN THIS AREA.
88

81 PM | 66 RCVD

Part I Taxpayer Information

Name

Number and street or PO Box

City or town, state and ZIP Code

Business telephone number (with area code)

Check box if: ☐ Amended Return ☐ Address Changed ☐ Final Return (CANCEL ACCOUNT)

If this is your final return, the department will cancel your withholding account. Complete Part VI on page 2. (See Instructions.)

Enter date final wages paid ..... M M D D Y Y Y Y

Part II Arizona Withholding Tax Liability

1	Total Annual Withholding Tax Liability	1	

Part III Tax Payments (See instructions.)

2	Withholding tax payments previously made	2	
3	Amount of tax paid when filing extension request	3	
4	Total payments	4	
5	**Balance of tax due:** If line 1 is larger than line 4, enter balance of tax due. Skip line 6. Non-EFT payment must accompany return	5	
6	**Overpayment of tax:** If line 4 is larger than line 1, enter overpayment of tax	6	

Part IV Federal Form Transmittal Information

7	Total amount of Arizona income tax withheld (as shown on federal Forms W-2, W-2c, W-2G, and 1099-R)	7	
8	Total wages paid to Arizona employees	8	
9	Total number of Arizona employees	9	
10	Total number of federal Forms W-2, W-2c, W-2G, and 1099-R	10	

Instructions: If line 1 does not equal line 7, you have misreported your annual tax withholdings OR you have misreported your employee wage withholdings.

Declaration Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, it is a true, complete and correct return.

Please Sign Here

TAXPAYER'S SIGNATURE | DATE | ( ) BUSINESS PHONE NUMBER

Paid Preparer's Use Only

PAID PREPARER'S SIGNATURE | DATE | PAID PREPARER'S PTIN

FIRM'S NAME (OR PAID PREPARER'S NAME, IF SELF-EMPLOYED) | FIRM'S ☐ EIN OR ☐ SSN

FIRM'S STREET ADDRESS | ( ) FIRM'S PHONE NUMBER.

CITY | STATE | ZIP CODE

ADOR 10939 (14)

Name (as shown on page 1)	EIN

Part V Explain Why an Amended Form A1-APR is Being Filed

_____

_____

_____

_____

_____

_____

Part VI Reason for Cancellation of Employer's Withholding Account

Check the applicable box:

- ☐ **1** Reorganization or change in business entity (example: from corporation to partnership).
- ☐ **2** Business sold.
- ☐ **3** Business stopped paying wages and will not have any employees in the future.
- ☐ **4** Business permanently closed.
- ☐ **5** Business has only leased or temporary agency employees.
- ☐ **6** Other (specify reason): _____

Payment

- **Make check payable to:** Arizona Department of Revenue and **include EIN on payment**.
- **Mail return and payment to:** Arizona Department of Revenue, PO Box 29009, Phoenix, AZ 85038-9009

2014 Arizona Annual Payment Withholding Tax Return

Arizona Form A1-APR

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

Phoenix	(602) 255-2060
From area codes 520 and 928, toll-free	(800) 843-7196

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

General Instructions

NOTE: *These instructions specifically address attaching Form W-2 and Form W-2c. Certain federal information returns (i.e. Form W-2G, Form 1099-MISC, Form 1099-R, etc.) should only be included to report Arizona withholding, in accordance with Arizona Withholding Tax Ruling WTR 99-1.*

Who May Use Form A1-APR

NOTE: Only an employer that qualifies to make its withholding payment on an annual basis should use Form A1-APR. If the employer files Form A1-QRT or Form A1-R, do not file Form A1-APR.

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

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

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

- The average amount of Arizona income taxes withheld by the employer in the four preceding calendar quarters does not exceed $200.
- The employer has timely filed the annual payment tax return (Form A1-APR) and has timely made its annual Arizona withholding payment for the preceding calendar year.

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

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

Filing Original Returns

Returns are due on or before February 28 of the year following the close of the calendar year. If the due date falls on a Saturday, Sunday, or legal holiday, the return is considered timely filed if it is postmarked by the next day that is not a Saturday, Sunday, or legal holiday. If the employer has an Arizona extension, file the return by the extended due date. Attach a copy of the Arizona extension to the front of the return. Mail the return to:

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

Form A1-APR is also the Arizona transmittal return for federal Form W-2 and Form W-2c. Form W-2G, Form 1099-MISC, Form 1099-R and all similar federal information returns are only required if those forms include Arizona withholding. These federal information returns are required to be filed with Form A1-APR as an integral part of the annual reconciliation required by statute.

The department normally determines the timeliness of a return by the postmark or other official mark of the U.S. Postal Service stamped on the envelope in which the return is mailed. Refer to Arizona General Tax Ruling GTR 93-1 for further information. The department will also accept proof of mailing from a private delivery service included in the Internal Revenue Service (IRS) list of designated private delivery services. Contact the private delivery service for information regarding how to obtain written proof of mailing.

Extension of Time to File a Return

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

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

Payment of Tax

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

Payments made with the employer's extension request should be accompanied by a completed Form A1-WP, indicating the payment is for the 4th Quarter of 2014.

Filing Amended Returns

If this is an amended Form A1-APR, check the amended return box on page 1 of the form. Complete Part II, Part III, and Part IV on page 1 of the form according to the instructions for those sections. Also complete Part V on page 2 of the form.

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

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

Optical media. Label the CD-ROM or DVD with the employer's name, employer identification number, calendar year and Form W-2 or Form 1099 (or both, whichever applies). If the CD-ROM or DVD is password protected, include the email the password originated from on the CD-ROM or DVD label. Email the password separately to MediaLibrarian@azdor.gov. Include "Form W-2" or "Form 1099" (or both, whichever applies) in the subject line of the email. In the body of the email, include the same information that is on the CD-ROM or DVD label. The department **will not** return or copy any media.

Employers submitting the information on CD-ROM or DVD should secure the CD-ROM or DVD in a hard case and include it with Form A1-APR.

CAUTION: The employer substitutes the CD-ROM or DVD at its own risk and understands that the information may need to be provided to the department again at a later date if it is not accessible by the department for any reason.

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

NOTE: *Only the federal attachments to Arizona Form A1-APR may be filed via optical media. A paper copy of Arizona Form A1-APR must be filed to the address on the form, unless Form A1-APR was filed electronically through www.AZtaxes.gov or a payroll service company. Please do not include a paper copy of Form A1-APR with the CD-ROM or DVD containing optical media. Instead, complete Arizona Form A1-T*

Paper copy. Submit a paper copy of each federal Form W-2, W-2c, W-2G, and 1099-R with Form A1-APR.

NOTE: *If Form A1-APR was filed electronically, then complete Arizona Form A1-T and include it with the paper copy of the federal Forms W-2, W-2c, W-2G and 1099-R.*

Mail Form A1-APR and the attachment(s) to:

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

Penalties and Interest

A. Late Filing Penalty. A return filed after the original due date is subject to the late filing penalty unless the employer has an approved Arizona extension. The employer must attach a copy of the approved Arizona extension to the return. A return filed after its extended due date is also subject to the late filing penalty. The late filing penalty is 4.5% (.045) of the amount of tax required to be shown on the return. "Amount of tax required to be shown on the return" is the amount of tax imposed less the amount of any part of the tax paid on or before the beginning of the month. The penalty period is each month or fraction of a month between the due date of the return and the date the employer filed the return. The maximum penalty is 25% of the tax found to be remaining due.

B. Late Payment Penalty. The department imposes the late payment penalty on any amount shown as tax on the return that is not paid by the date prescribed for its payment. The late payment penalty is 0.5% (.005) of the unpaid tax for each month or fraction of a month the tax remains unpaid, not to exceed 10% of the unpaid tax.

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

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

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

total of $125 in penalties assessed toward the payroll service company related to Client A for the 3rd quarter.

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

Specific Instructions

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

Part I. Taxpayer Information

Name and Address

Type or print the employer's name, address, and phone number in the boxes in the Taxpayer Information section. If the employer has 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's name.**

Check the appropriate box if this is an amended return or your address has changed. If filing under extension, attach a copy of the extension request to your return.

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

Employer Identification Number (EIN)

Enter the employer identification number. If the employer does not have an EIN, one can be obtained from the IRS.

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

Cancellation of Employer's Withholding Account

Check the final return box on page 1 of the form to cancel your account. Enter the date that final wages were paid. Also complete Part VI on page 2 of the form.

Part II. Arizona Withholding Tax Liability

Line 1 -

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

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

Part III. Tax Payments

Line 2 -

Original Returns: Enter the amount of all payments made for 2014. Do not include or enter the amount of an extension payment.

Amended Returns: Enter the amount of all payments made for 2014. The total should also include the amount of a payment sent with the original return and any payments made after the original return was filed. Do not include or enter the amount of an extension payment.

Line 3 -

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

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

Line 4 -

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

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

Line 5 -

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

Check or Money Order

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

Internet Payments

Employers must be registered with the department before they can pay taxes online. Go to www.AZTaxes.gov to register or to make payments over the Internet.

Electronic payment from checking or savings account

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

Credit card payment

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

Line 6 -

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

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

Part IV. Federal Form Transmittal Information

Line 7 -

Enter the total amount of Arizona income tax withheld from wages paid to employees for 2014 (as shown on federal Forms W-2, W-2c, W-2G, and 1099-R).

Line 8 -

Enter the total amount of wages paid to Arizona employees for 2014 (as shown on federal Forms W-2, W-2c, W-2G, and 1099-R).

Line 9 -

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

Line 10 -

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

Arizona Form A1-QRT — Arizona Quarterly Withholding Tax Return

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

Employer Identification Number (EIN)	
QUARTER AND YEAR*:	Q Y Y Y Y

*Quarter (1, 2, 3 or 4) and four digits of year

For these months:	Enter this number for the quarter:
January, February, March	1
April, May, June	2
July, August, September	3
October, November, December	4

REVENUE USE ONLY. DO NOT MARK IN THIS AREA.
88
81 PM
66 RCVD

Part I Taxpayer Information

Name
Number and street or PO Box
City or town, state and ZIP Code
Business telephone number (with area code)

Check box if: ☐ Amended Return ☐ Address Changed ☐ Final Return (CANCEL ACCOUNT)

If this is your final return, the department will cancel your withholding account. Complete Part VI on page 2. (See Instructions.)

Enter date final wages paid ..... M M D D Y Y Y Y

Total Arizona payroll for this quarter ..... $
Total number of Arizona employees for this quarter .....

Part II Tax Liability Schedule

Complete either line A1 or lines B1 through B4. **Do NOT complete both.** See instructions.

A. Quarterly Tax Liability

A1 Tax Liability. Enter this amount on line 1 in Part III **A1**

B. Monthly Tax Liability

B1 Month 1 Liability **B1**
B2 Month 2 Liability **B2**
B3 Month 3 Liability **B3**
B4 Total. Enter this amount on line 1 in Part III **B4**

Taxpayers who incurred a semi-weekly or next-day tax liability during the quarter must complete the Daily Tax Liability Schedule on page 2, **AND CHECK THIS BOX** ..... ☐

Part III Tax Computation (See instructions.)

1 Liability: Enter the amount from line A1 or line B4 1
2 Prior payments made for this quarter. **Do NOT include the payment made with or for this return** ... 2
3 **Total Amount Due:** Subtract line 2 from line 1. Enter the difference. Use a minus sign to indicate a negative amount 3

Payment

- **Make check payable to:** Arizona Department of Revenue and include EIN on payment.
- **Mail return and payment to:** Arizona Department of Revenue, PO Box 29009, Phoenix, AZ 85038-9009

Declaration Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, it is a true, complete and correct return.

Please Sign Here
TAXPAYER'S SIGNATURE — DATE — ( ) BUSINESS TELEPHONE NUMBER

Paid Preparer's Use Only
PAID PREPARER'S SIGNATURE — DATE — PAID PREPARER'S PTIN
FIRM'S NAME (OR PAID PREPARER'S NAME, IF SELF-EMPLOYED) — FIRM'S ☐ EIN OR ☐ SSN
FIRM'S STREET ADDRESS — ( ) FIRM'S TELEPHONE NUMBER
CITY — STATE — ZIP CODE

ADOR 10888 (14)

Name (as shown on page 1)	EIN

Part IV Daily Tax Liability Schedule

A. Daily Tax Liability - First Month of Quarter (Semi-Weekly or Next-Day)

1	☐		8	☐		15	☐		22	☐		29	☐		
2	☐		9	☐		16	☐		23	☐		30	☐		
3	☐		10	☐		17	☐		24	☐		31	☐		
4	☐		11	☐		18	☐		25	☐		Only check a box for next-day withholding obligations.			
5	☐		12	☐		19	☐		26	☐					
6	☐		13	☐		20	☐		27	☐					
7	☐		14	☐		21	☐		28	☐					

Month 1 Liability: Enter total here and on Part II, line B1 ..... $

B. Daily Tax Liability - Second Month of Quarter (Semi-Weekly or Next-Day)

1	☐		8	☐		15	☐		22	☐		29	☐		
2	☐		9	☐		16	☐		23	☐		30	☐		
3	☐		10	☐		17	☐		24	☐		31	☐		
4	☐		11	☐		18	☐		25	☐		Only check a box for next-day withholding obligations.			
5	☐		12	☐		19	☐		26	☐					
6	☐		13	☐		20	☐		27	☐					
7	☐		14	☐		21	☐		28	☐					

Month 2 Liability: Enter total here and on Part II, line B2 ..... $

C. Daily Tax Liability - Third Month of Quarter (Semi-Weekly or Next-Day)

1	☐		8	☐		15	☐		22	☐		29	☐		
2	☐		9	☐		16	☐		23	☐		30	☐		
3	☐		10	☐		17	☐		24	☐		31	☐		
4	☐		11	☐		18	☐		25	☐		Only check a box for next-day withholding obligations.			
5	☐		12	☐		19	☐		26	☐					
6	☐		13	☐		20	☐		27	☐					
7	☐		14	☐		21	☐		28	☐					

Month 3 Liability: Enter total here and on Part II, line B3 ..... $

Part V Explain Why an Amended Form A1-QRT is Being Filed (include additional sheets, if necessary)

_____

_____

_____

Part VI Reason for Cancellation of Employer's Withholding Account (check the applicable box)

☐ **1** Reorganization or change in business entity (example: from corporation to partnership).
☐ **2** Business sold.
☐ **3** Business stopped paying wages and will not have any employees in the future.
☐ **4** Business permanently closed.
☐ **5** Business has only leased or temporary agency employees.
☐ **6** Other (specify reason): _____

Arizona Quarterly Withholding Tax Return

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

Phoenix	(602) 255-2060
From area codes 520 and 928, toll-free	(800) 843-7196

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

General Instructions

Who May Use Form A1-QRT

An employer must make its Arizona withholding payments to the department either on a quarterly basis or at the same time as the employer makes its federal withholding deposits. An employer must file a quarterly withholding tax return with the department to report its Arizona withholding tax liability.

An employer incurs an Arizona withholding tax liability either quarterly, or on the same dates as it incurs a federal withholding liability (monthly, semi-weekly, or next-day). An employer must determine when it incurs an Arizona withholding tax liability to establish its correct Arizona withholding payment schedule. An employer makes this determination by calculating its average Arizona withholding tax liability for the four preceding calendar quarters or by using an alternate calculation if it does not have historical data for the preceding four calendar quarters. Both computations are discussed in the Arizona Withholding Liability/Payment Schedule section of these instructions.

FORM A1-QRT: Use the quarterly tax return if the liability is incurred on a quarterly, monthly, semi-weekly or next-day basis. A monthly liability employer that incurs a next-day liability during the calendar quarter immediately becomes an Arizona semi-weekly liability employer for the remainder of the calendar quarter.

NOTE: ***Quarterly returns are required to be filed for <u>every</u> quarter by employers that are registered with the department, until the employer cancels its withholding registration by filing a final Form A1-QRT. This includes quarterly returns with no (zero) withholding liability. The only exception is for employers that qualify to file and pay annually (Form A1-APR).***

EXCEPTION FOR ANNUAL PAYMENT RETURN (FORM A1-APR): Certain employers may make their withholding payments on an annual basis and file an annual withholding tax return on Form A1-APR. These employers will not file Form A1-QRT or Form A1-R, or use Form A1-WP for their annual withholding payment.

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

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

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

- The average amount of Arizona income taxes withheld by the employer in the four preceding calendar quarters does not exceed $200.
- The employer has timely filed the annual tax return and has timely made its annual Arizona withholding payment for the preceding calendar year.

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

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

Penalties and Interest

A. Late Filing Penalty. A return filed after the due date is subject to the late filing penalty. The late filing penalty is 4.5% (.045) of the amount of tax required to be shown on the return. "Amount of tax required to be shown on the return" is the amount of tax imposed less the amount of any part of the tax paid on or before the beginning of the month. The penalty period is each month or fraction of a month between the due date of the return and the date the taxpayer filed the return. The maximum penalty is 25% of the tax found to be remaining due.

B. Late Payment Penalty. The department imposes the late payment penalty on any amount shown as tax on the return that is not paid by the date prescribed for its payment. The late payment penalty is 0.5% (.005) of the unpaid tax for each month or fraction of a month the tax remains unpaid, not to exceed 10% of the unpaid tax.

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

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

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

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

Arizona Withholding Liability/Payment Schedule

Arizona law requires an employer to compute its average Arizona withholding tax liability for the preceding four calendar quarters at the beginning of each new quarter. This calculation is performed to determine the correct Arizona withholding payment schedule.

An employer that has four full consecutive calendar quarters of Arizona withholding liability historical data must use the regular withholding payment schedule computation. An employer that does not have four full consecutive calendar quarters of Arizona withholding liability historical data must use the alternate withholding payment schedule computation.

A. Regular Arizona Withholding Liability/Payment Schedule Computation

An employer required to use the regular computation must add its withholding liabilities for the preceding four calendar quarters and divide the total by four.

An employer must make its Arizona withholding payments on a quarterly basis if the average amount of Arizona income taxes withheld during the preceding four calendar quarters does not exceed $1,500.

An employer must make its Arizona withholding tax payments at the same time as its federal withholding deposits if the average amount of Arizona income taxes withheld during the preceding four calendar quarters exceeds $1,500.

Example 1

An employer is trying to determine the correct Arizona withholding payment schedule for the second calendar quarter 2015. The employer would make the following calculation to compute the average amount of Arizona income taxes withheld in the preceding four calendar quarters.

First quarter 2015 withholding		$ 1,100
Fourth quarter 2014 withholding	+	1,600
Third quarter 2014 withholding	+	1,000
Second quarter 2014 withholding	+	1,200
Total withholding	=	$ 4,900
Divide by	÷	4
Average withholding	=	$ 1,225

This example illustrates a four-quarter average of Arizona income taxes withheld that does not exceed $1,500. Therefore, the employer is required to make Arizona withholding payments on a quarterly basis.

Example 2

An employer is trying to determine the correct Arizona withholding payment schedule for the third calendar quarter 2015. The employer would make the following calculation to compute the average amount of Arizona income taxes withheld in the preceding four calendar quarters.

Second quarter 2015 withholding		$ 1,800
First quarter 2015 withholding	+	1,400
Fourth quarter 2014 withholding	+	1,900
Third quarter 2014 withholding	+	1,300
Total withholding	=	$ 6,400
Divide by	÷	4
Average withholding	=	$ 1,600

This example illustrates a four-quarter average of Arizona income taxes withheld that exceeds $1,500. Therefore, the employer is required to make Arizona withholding payments at the same time as its federal withholding deposits.

B. Alternate Arizona Withholding Liability/Payment Schedule Computation

An employer must make its Arizona withholding payments on a quarterly basis if the average amount of Arizona income taxes withheld during the preceding four calendar quarters does not exceed $1,500.

An employer must make its Arizona withholding tax payments at the same time as its federal withholding deposits (monthly, semi-weekly, or next-day), if the average amount of Arizona income taxes withheld during the preceding four calendar quarters exceeds $1,500.

An employer required to use the alternate computation must use one of the following methods.

An employer that purchases an existing business must determine its Arizona withholding payment schedule for each calendar quarter by calculating the average amount withheld in the four preceding calendar quarters as follows:

- For the first quarter of withholding, the employer must calculate the previous owner's average amount of Arizona income taxes withheld in the four preceding calendar quarters.
- For the second through fourth quarters of withholding, the employer must calculate the average amount withheld in the four preceding calendar quarters by combining its prior quarters of withholding with the previous owner's quarters of withholding.
- For subsequent quarters of withholding, the employer must calculate the average amount withheld based on amounts the employer withheld in the four preceding calendar quarters.

A newly formed business must determine its Arizona withholding payment schedule as follows:

- For the first quarter of withholding, the employer must make its Arizona withholding payments on a quarterly basis.
- For the second quarter of withholding, the employer must determine its Arizona withholding payment schedule based on the amount withheld in the first quarter of withholding.
- For the third quarter of withholding, the employer must determine its Arizona withholding payment schedule by adding the amounts withheld in the first and second quarters and dividing by two.
- For the fourth quarter of withholding, the employer must determine its Arizona withholding payment schedule by adding the amounts withheld in the first, second, and third quarters and dividing by three.
- For subsequent quarters of withholding, the employer must determine its Arizona withholding payment schedule by adding the amounts withheld in the four preceding calendar quarters and dividing by four.

When two or more employers consolidate their business activities to form one entity, the new employer must determine its Arizona withholding payment schedule based on the combined withholding of the prior employers for the preceding four full quarters. Any prior employer with fewer than four full quarters of withholding activity must annualize the amounts withheld and divide by four. The new employer must determine its Arizona withholding payment schedule by combining this amount with the quarterly averages of the other prior employers with four full quarters of withholding activity.

C. Withholding Payment Due Dates

Internet payments: Registered employers may make their withholding payments on the Internet. Go to www.AZTaxes.gov to register or for further information.

Quarterly Arizona withholding payments are due on the following dates:

- First calendar quarter - April 30 of the current calendar year;
- Second calendar quarter - July 31 of the current calendar year;
- Third calendar quarter - October 31 of the current calendar year;
- Fourth calendar quarter - January 31 of the next calendar year.

If the quarterly withholding payment due date is a non-banking day (Saturday, Sunday, or a legal holiday), the withholding payment is timely if made on the next banking day.

An employer required to make its Arizona withholding payments at the same time as its federal withholding deposits must make its Arizona withholding payments on a monthly, semi-weekly, or next-day basis.

Monthly Arizona withholding payments are due on the fifteenth day of the month following the calendar month in which the taxes accumulated.

If the fifteenth day of the following month is a non-banking day (Saturday, Sunday, or a legal holiday), the withholding payment is timely if made on the next banking day.

Semi-Weekly Arizona withholding payments are due on the following schedule:

- *Wednesday through Friday semi-weekly period* - on or before the following Wednesday.
- *Saturday through Tuesday semi-weekly period* - on or before the following Friday.

If *any* of the *three weekdays* following the close of a semi-weekly period is a non-banking day (a legal holiday), an additional banking day is granted to make the required payment.

If a calendar quarter ends during a semi-weekly period (on a day other than Tuesday or Friday), the following rules apply:

- Taxes accumulated on the days in the current calendar quarter are subject to one payment obligation.
- Taxes accumulated on the days in the next calendar quarter are subject to a separate payment obligation.
- The payment(s) is (are) due at the normal payment due date for the semi-weekly period.

Next-Day Arizona withholding payments are due on the first banking day following the day that an employer incurs a federal next-day deposit obligation. The employer must make a next-day federal withholding deposit if federal taxes accumulate to $100,000 or more on any day during a monthly or semi-weekly deposit period. The Arizona withholding payment is due the same day as the federal withholding deposit although the Arizona withholding tax liability may not have reached $100,000 for the same monthly or semi-weekly period. A monthly liability payer that incurs an Arizona next-day withholding payment obligation during the calendar quarter immediately becomes an Arizona semi-weekly liability payer for the remainder of the calendar quarter.

Extended Form A1-QRT due dates available to taxpayers who have made every payment on time. A.R.S. § 43-401(C) allows some employers additional time to file Form A1-QRT. Employers who have made every payment on time during the preceding calendar quarter may have ten additional days in which to file Form A1-QRT.

Form A1-QRT, for employers who have made every payment on time during the preceding calendar quarter, are considered timely if filed by the following dates:

- First calendar quarter - May 11, 2015;
- Second calendar quarter - August 10, 2015;
- Third calendar quarter - November 10, 2015;
- Fourth calendar quarter - February 10, 2016.

Because May 10, 2015, is a Sunday, the return is considered to be timely for the first quarter if it is filed on the next day that is not a Saturday, Sunday, or legal holiday.

Form A1-QRT, for employers who have *not* made every payment on time during the preceding calendar quarter, are considered timely if filed by the following dates:

- First calendar quarter - April 30, 2015;
- Second calendar quarter - July 31, 2015;
- Third calendar quarter - November 2, 2015;
- Fourth calendar quarter – February 1, 2016.

Because October 31, 2015 is a Saturday and January 31, 2016 is a Sunday, the return is considered to be timely for those quarters if it is made on the next day that is not a Saturday, Sunday, or legal holiday.

Specific Instructions

Form A1-QRT may be filed online. Employers that are registered with the Arizona Department of Revenue and registered at www.AZTaxes.gov may file Form A1-QRT and make withholding payments online. Employers may register online. Visit www.AZTaxes.gov for more details.

All returns, statements, and other documents filed with the department require the taxpayer's employer identification number (taxpayer identification number or TIN). Taxpayers and their paid preparers that fail to include their TIN may be

subject to a penalty. Paid tax return preparers must include their TIN where requested. The TIN for a paid tax return preparer is the individual's social security number or the employer identification number of the business.

Refer to the sample Form A1-QRT on pages 6 and 7 of the instructions. The following numbered instructions correspond to the numbered sections of the sample Form A1-QRT.

Part I. Taxpayer Information Section

1 Employer Identification Number (EIN)

Enter the employer identification number. If the employer does not have an employer identification number, one can be obtained from the Internal Revenue Service.

2 Quarter and Year

The chart below identifies which months are in which quarter:

For these months:	Enter this number for the quarter:
January, February, March	1
April, May, June	2
July, August, September	3
October, November, December	4

Enter the quarter from the chart above. Enter the four-digit year.

3 Name, Address and Phone Number Address Changed Box

Type or print the employer's name, address, and phone number in the Taxpayer Information section. If the employer has 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's name.** Check the box to indicate if the employer's address has changed.

4 Amended Return

Check the amended return box on page 1 of the form if this is an amended return. Complete Part V on page 2 of the form to explain why an amended return is being filed. If the amended return is being filed for a quarter in a prior calendar year, the employer must also file an amended Form A1-R for that calendar year and include the state copies of the federal Forms W-2c, or corrected copies of Forms W-2G and 1099-R.

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

Overpayments: After the amended return is processed and payments are confirmed, the overpayment will be applied to any outstanding liabilities, possibly in another tax type. If the overpayment exceeds the outstanding liabilities or the employer has no outstanding liabilities, a refund will be issued. A refund will not be issued once the overpayment is applied to a liability.

Underpayments: Enclose non-EFT payment for the underpaid amount with the amended return. The department will calculate the amount of interest and any applicable penalties and mail a billing notice after the amended return is processed.

5 Final Return Box Date Final Wages Paid Cancellation of Withholding Account

Check the final return box on page 1 of the form if this is a final return. Enter the date that final wages were paid. Complete Part VI on page 2 of the form to indicate the reason for cancellation of employer's withholding account.

When a withholding account is cancelled, the employer must file a final return on Form A1-QRT for the last quarter in which the final wages were paid. The employer must file a final return to report its Arizona tax liability for the quarter in which the account was closed. **NOTE:** The employer must also file Form A1-R, *Arizona Withholding Reconciliation Return*, for that calendar year.

6 Total Arizona Payroll and Employees for This Quarter

Enter the total gross Arizona payroll for this calendar quarter. "Total gross Arizona payroll" means amounts considered wages for federal income tax withholding purposes.

Enter the total number of employees whose compensation for this calendar quarter was subject to Arizona withholding. This number includes (1) an employee who had Arizona withholding deducted from his/her compensation paid in this calendar quarter; and (2) an employee whose compensation was for services performed in Arizona, but the employee filed an election to not have any Arizona withholding deducted from his/her compensation. Do not include annuity recipients, independent contractors or pension recipients.

Part II. Tax Liability Schedule Section

NOTE: All liabilities reported and payments made should be net of any withholding designated for tax credits in accordance with A.R.S. § 43-401(G).

NOTE: Complete either line A1, Quarterly Tax Liability, or lines B1 through B4, Monthly Tax Liability. Please do **NOT** complete both.

7 Quarterly Tax Liability

An employer that incurs a quarterly withholding tax liability must complete line A1 under Part IIA, Quarterly Tax Liability, and Part III, line 1. Enter the amount of Arizona withholding tax liability for the quarter, not the amount of Arizona withholding payments. ***DO NOT COMPLETE PART IIB, MONTHLY TAX LIABILITY, OR PART IV, THE DAILY TAX LIABILITY SCHEDULE.***

8 Monthly Tax Liability

An employer that incurs a monthly withholding tax liability for all three months of the calendar quarter must complete lines B1 through B4 under Part IIB, Monthly Tax Liability, for months 1, 2 and 3.

Enter the amount of Arizona withholding tax liability for each applicable month, not the amount of Arizona withholding payments. Add lines B1 through B3. Enter the total Arizona tax liability for the calendar quarter on Part IIB, line B4 and Part III, line 1.

If the employer also incurs a next-day withholding obligation during a month in the calendar quarter, complete the applicable Daily Tax Liability Schedule for each month of the calendar quarter a next-day withholding obligation is incurred. Enter the amount of Arizona withholding tax liability in the applicable Daily Tax Liability Schedule, not the amount of Arizona withholding payments. Total the amounts in each applicable Daily Tax Liability Schedule. Enter the total for each month on the applicable line (B1, B2 and/or B3) in Part IIB. Add lines B1 through B3. Enter the total Arizona tax liability for the calendar quarter on Part IIB, line B4 and Part III, line 1.

NOTE: Be sure to check the box on page 1, in Part IIB, if the taxpayer is required to complete section A, B and/or C of the Daily Tax Liability Schedule on page 2.

IF AN EMPLOYER INCURS A NEXT-DAY WITHHOLDING OBLIGATION DURING THE FIRST MONTH:

- *First month* - complete section A of the Daily Tax Liability Schedule. Enter the total of section A in Part IIB, line B1, month 1 liability.
- *Second month* - complete section B of the Daily Tax Liability Schedule. Enter the total of section B in Part IIB, line B2, month 2 liability.
- *Third month* - complete section C of the Daily Tax Liability Schedule. Enter the total of section C in Part IIB, line B3, month 3 liability.

IF AN EMPLOYER INCURS A NEXT-DAY WITHHOLDING OBLIGATION DURING THE SECOND MONTH:

- *First month* - complete Part IIB, line B1, month 1 liability.
- *Second month* - complete section B of the Daily Tax Liability Schedule. Enter the total of section B in Part IIB, line B2, month 2 liability.
- *Third month* - complete section C of the Daily Tax Liability Schedule. Enter the total of section C in Part IIB, line B3, month 3 liability.

IF AN EMPLOYER INCURS A NEXT-DAY WITHHOLDING OBLIGATION DURING THE THIRD MONTH:

- *First month* - complete Part IIB, line B1, month 1 liability.
- *Second month* - complete Part IIB, line B2, month 2 liability.
- *Third month* - complete section C of the Daily Tax Liability Schedule. Enter the total of section C in Part IIB, line B3, month 3 liability.

9 Daily Tax Liability (Semi-Weekly or Next-Day)

NOTE: Be sure to check the box on page 1, in Part IIB, if the taxpayer is required to complete section A, B and/or C of the Daily Tax Liability Schedule on page 2.

Complete sections A, B, and/or C of the Daily Tax Liability Schedule; lines B1 through B4 of Part IIB, Monthly Tax Liability; and Part III, line 1. On lines A1 through A31, B1 through B31, and C1 through C31, of the Daily Tax Liability Schedule, make entries on the day that an Arizona withholding tax liability was incurred. Enter the amount of Arizona withholding tax liability for each applicable day, not the amount of Arizona withholding payments. Add the amounts entered on the Daily Tax Liability Schedule for each month. Enter the total for each month on sections A, B and/or C. Enter the total from section A on Part IIB, line B1. Enter the total from section B on Part IIB, line B2. Enter the total from section C on Part IIB, line B3. Add the amounts entered on Part IIB, lines B1 through B3. Enter the total Arizona tax liability for the calendar quarter on Part IIB, line B4 and Part III, line 1.

Important note for next-day obligations: Check the box to the right of the number in the Daily Tax Liability Schedule that corresponds to the day that the employer incurred an Arizona next-day withholding obligation. *Leave this box blank unless a next-day withholding obligation was incurred.*

Part III. Tax Computation Section

10 Line 1 - Liability

Quarterly tax liability employer - enter the amount from Part IIA, line A1.

Monthly tax liability employer (all three months of quarter) - enter the total from Part IIB, line B4.

Monthly tax liability (less than three months)/daily tax liability employer - enter the total from Part IIB, line B4.

Daily tax liability employer (all three months of quarter) - enter the total from Part IIB, line B4.

11 Line 2 - Prior Payments Made for This Quarter

Enter the total amount of prior payments made for this quarter on line 2. If no payments were made prior to filing this return for this quarter, enter -0- on line 2. **Do NOT include the payment made with or for this return.**

12 Line 3 - Total Amount Due

Subtract the amount on line 2 from the amount on line 1. Enter the difference.

If line 3 is a positive number, this is the amount of tax remaining due. Payments can be made via check, electronic check, money order, or credit card. The department will calculate the amount of interest, apply any applicable penalties, and mail a billing notice after the return is processed.

Check or Money Order

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

Internet Payments

Employers must be registered with the department before they can pay taxes online. Go to www.AZTaxes.gov to register or to make payments over the Internet.

Electronic payment from checking or savings account

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

Credit card payment

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

If line 3 is a negative number (an amount less than zero), this is the overpayment for the quarter. Use a minus sign to indicate a negative amount. After the return is processed and payments are confirmed, the overpayment will be applied to any outstanding liabilities, possibly in another tax type. If the overpayment exceeds the outstanding liabilities or the employer has no outstanding liabilities, a refund check will be issued and mailed to the employer. A refund will not be issued once the overpayment is applied to a liability.

Arizona Form A1-QRT — Arizona Quarterly Withholding Tax Return

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

(1) Employer Identification Number (EIN)

(2) QUARTER AND YEAR*: Q Y Y Y Y

*Quarter (1, 2, 3 or 4) and four digits of year

For these months:	Enter this number for the quarter:
January, February, March	1
April, May, June	2
July, August, September	3
October, November, December	4

Part I Taxpayer Information

Name

Number and street or PO Box

City or town, state and ZIP Code (3)

Business telephone number (with area code)

(4) **Check box if:** ☐ Amended Return ☐ Address Changed ☐ Final Return (CANCEL ACCOUNT) (5)

If this is your final return, the department will cancel your withholding account. Complete Part VI on page 2. (See Instructions.)

Enter date final wages paid ..... M M D D Y Y Y Y

Total Arizona payroll for this quarter ..... $

Total number of Arizona employees for this quarter ..... (6)

REVENUE USE ONLY. DO NOT MARK IN THIS AREA.
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81 PM
66 RCVD

Part II Tax Liability Schedule

Complete either line A1 or lines B1 through B4. **Do NOT complete both.** See instructions.

A. Quarterly Tax Liability (7)

A1 Tax Liability. Enter this amount on line 1 in Part III **A1**

B. Monthly Tax Liability (8)

B1 Month 1 Liability **B1**
B2 Month 2 Liability **B2**
B3 Month 3 Liability **B3**
B4 Total. Enter this amount on line 1 in Part III **B4**

Taxpayers who incurred a semi-weekly or next-day tax liability during the quarter must complete the Daily Tax Liability Schedule on page 2, **AND CHECK THIS BOX** ..... (9) ☐

Part III Tax Computation (See instructions.)

1 Liability: Enter the amount from line A1 or line B4 ..... 1 (10)
2 Prior payments made for this quarter. **Do NOT include the payment made with or for this return** ... 2 (11)
3 **Total Amount Due:** Subtract line 2 from line 1. Enter the difference. Use a minus sign to indicate a negative amount 3 (12)

Payment

- **Make check payable to:** Arizona Department of Revenue and include EIN on payment.
- **Mail return and payment to:** Arizona Department of Revenue, PO Box 29009, Phoenix, AZ 85038-9009

Declaration Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, it is a true, complete and correct return.

Please Sign Here
TAXPAYER'S SIGNATURE — DATE — ( ) BUSINESS TELEPHONE NUMBER

Paid Preparer's Use Only
PAID PREPARER'S SIGNATURE — DATE — PAID PREPARER'S PTIN
FIRM'S NAME (OR PAID PREPARER'S NAME, IF SELF-EMPLOYED) — FIRM'S ☐ EIN OR ☐ SSN
FIRM'S STREET ADDRESS — ( ) FIRM'S TELEPHONE NUMBER
CITY — STATE — ZIP CODE

ADOR 10888 (14)

Name (as shown on page 1)	EIN

Part IV Daily Tax Liability Schedule 9

A. Daily Tax Liability - First Month of Quarter (Semi-Weekly or Next-Day)

1	☐	8	☐	15	☐	22	☐	29	☐	Only check a box for next-day withholding obligations.
2	☐	9	☐	16	☐	23	☐	30	☐	
3	☐	10	☐	17	☐	24	☐	31	☐	
4	☐	11	☐	18	☐	25	☐			
5	☐	12	☐	19	☐	26	☐			
6	☐	13	☐	20	☐	27	☐			
7	☐	14	☐	21	☐	28	☐			

Month 1 Liability: Enter total here and on Part II, line B1 ..... $

B. Daily Tax Liability - Second Month of Quarter (Semi-Weekly or Next-Day)

1	☐	8	☐	15	☐	22	☐	29	☐	Only check a box for next-day withholding obligations.
2	☐	9	☐	16	☐	23	☐	30	☐	
3	☐	10	☐	17	☐	24	☐	31	☐	
4	☐	11	☐	18	☐	25	☐			
5	☐	12	☐	19	☐	26	☐			
6	☐	13	☐	20	☐	27	☐			
7	☐	14	☐	21	☐	28	☐			

Month 2 Liability: Enter total here and on Part II, line B2 ..... $

C. Daily Tax Liability - Third Month of Quarter (Semi-Weekly or Next-Day)

1	☐	8	☐	15	☐	22	☐	29	☐	Only check a box for next-day withholding obligations.
2	☐	9	☐	16	☐	23	☐	30	☐	
3	☐	10	☐	17	☐	24	☐	31	☐	
4	☐	11	☐	18	☐	25	☐			
5	☐	12	☐	19	☐	26	☐			
6	☐	13	☐	20	☐	27	☐			
7	☐	14	☐	21	☐	28	☐			

Month 3 Liability: Enter total here and on Part II, line B3 ..... $

Part V Explain Why an Amended Form A1-QRT is Being Filed (include additional sheets, if necessary)

4 _____

_____

_____

Part VI Reason for Cancellation of Employer's Withholding Account (check the applicable box)

5
- ☐ **1** Reorganization or change in business entity (example: from corporation to partnership).
- ☐ **2** Business sold.
- ☐ **3** Business stopped paying wages and will not have any employees in the future.
- ☐ **4** Business permanently closed.
- ☐ **5** Business has only leased or temporary agency employees.
- ☐ **6** Other (specify reason): _____

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Arizona Form A1-WP — Payment of Arizona Income Tax Withheld

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

Employer Identification Number (EIN)		
Qtr	Year	Amount of Payment
Q	Y Y Y Y	Dollars Cents

Enter Quarter (1, 2, 3, or 4)
Four digits of year for which payment is made.

Taxpayer Information
Name
Number and street or PO Box
City or town, state and ZIP Code
Business telephone number (with area code)

IMPORTANT: Arizona law requires certain taxpayers to make withholding tax payments at the same time as federal withholding deposits are due. Failure to make payment may result in a 25% penalty in addition to other penalties and interest required by law.

REVENUE USE ONLY. DO NOT MARK IN THIS AREA.

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Return Top Portion with Payment

- **Make check payable to:** Arizona Department of Revenue and **include EIN on payment**.
- **Mail top portion with payment to:** Arizona Department of Revenue, PO Box 29085, Phoenix, AZ 85038-9085.

Instructions

Employers required to make more than one Arizona withholding payment per calendar quarter use Form A1-WP to transmit Arizona withholding payments to the department. *Employers required to make quarterly withholding payments should not use this form. Employers making withholding payments by electronic funds transfer or on the Internet should not use this form.*

Internet payments: Employers that register may make their withholding payments on the Internet with e-check or credit card. There is a fee to pay by credit card. Visit www.AZTaxes.gov for further information.

Electronic Funds Transfer (EFT)

Refer to A.R.S. § 42-1129 and the related Arizona Administrative Code rules (A.A.C. R15-10-301 through R15-10-307) for detailed information regarding electronic funds transfer.

Employers whose average Arizona quarterly withholding tax liability for the preceding taxable year was $20,000 or more must make Arizona withholding payments via the electronic funds transfer program. *If the employer makes its withholding payments by electronic funds transfer (EFT), the employer should not submit Form A1-WP to the department.*

NOTE: Employers required to make withholding payments via EFT that fail to do so will be subject to a penalty of 5% of the amount of the payment not made by EFT. See A.R.S. § 42-1125(O).

Employers whose average Arizona quarterly withholding tax liability for the preceding taxable year was less than $20,000 may elect voluntary participation in the electronic funds transfer program.

Participants in the Electronic Funds Transfer program must enroll online at www.AZTaxes.gov at least 30 days prior to the first applicable transaction.

Taxpayer Information

Type or print the name, address, and phone number in the boxes in the Taxpayer Information section. If the taxpayer has 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's name.**

Employer Identification Number (EIN)

Enter the employer identification number. An employer identification number can be obtained from the Internal Revenue Service.

Quarter and Year

The charts below identify which months or payments are included in each quarter:

For these months:	Enter this number for the quarter:
January, February, March	1
April, May, June	2
July, August, September	3
October, November, December	4

For this payment:	Enter this number for the quarter:
Extension payment for Form A1-APR	4

Enter the quarter from one of the charts above. Enter the four-digit year.

Amount of Payment

Enter the amount of payment enclosed.

NOTE: Do not submit Form A1-WP if the payment is zero or no payment is enclosed. Do not submit Form A1-WP to list prior payments made during the quarter. Do not submit Form A1-WP for a negative amount (to apply a credit as a payment or to claim a credit as an overpayment).

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Arizona Form A1-C — Arizona Charitable Withholding Statement

Arizona Department of Revenue
Office of Economic Research and Analysis
PO Box 29099 - Phoenix AZ 85038-9099

Due on or before January 30, 2016.

Employer Identification Number (EIN)

Period End
12/31/2015

Please do not mail with Form A1-R or Form A1-APR.

REVENUE USE ONLY. DO NOT MARK IN THIS AREA.
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81 PM | 66 RCVD

Part I Employer Information

Name

Number and street or PO Box

City or town, state and ZIP Code

Business telephone number (with area code)

Check box if: ☐ Amended Statement ☐ Address Changed

Part II Payments Made on Behalf of Employees (if necessary, include continuation sheet(s))

Charitable Withholding Statement

CHARITY'S name, street address, city, state, and ZIP Code

CHARITY'S federal identification no. | EMPLOYEE'S Social Security no.

EMPLOYEE'S name

EMPLOYEE'S street address (including apt. no.)

EMPLOYEE'S city, state, ZIP Code

2015 | 1 Employee contributions made in 2015 $ | 2 Termination date (if applicable) M M D D 2 0 Y Y

❒ CORRECTED (if checked)

Charitable Withholding Statement

CHARITY'S name, street address, city, state, and ZIP Code

CHARITY'S federal identification no. | EMPLOYEE'S Social Security no.

EMPLOYEE'S name

EMPLOYEE'S street address (including apt. no.)

EMPLOYEE'S city, state, ZIP Code

2015 | 1 Employee contributions made in 2015 $ | 2 Termination date (if applicable) M M D D 2 0 Y Y

❒ CORRECTED (if checked)

Part III Explain Why an Amended Form A1-C is Being Filed (if necessary, include additional sheet)

Declaration Under penalties of perjury, I declare that I have examined this statement and to the best of my knowledge and belief, it is true, complete and correct.

Please Sign Here

EMPLOYER'S SIGNATURE | DATE | ( ) BUSINESS PHONE NUMBER

Paid Preparer's Use Only

PAID PREPARER'S SIGNATURE | DATE | PAID PREPARER'S PTIN

FIRM'S NAME (OR PAID PREPARER'S NAME, IF SELF-EMPLOYED) | FIRM'S ☐ EIN OR ☐ SSN

FIRM'S STREET ADDRESS | ( ) FIRM'S PHONE NUMBER.

CITY | STATE | ZIP CODE

Mail form and any documents to: Arizona Department of Revenue, Office of Economic Research and Analysis, PO Box 29099, Phoenix, AZ 85038-9099

Employer Name (as shown on page 1)	EIN

Page ____ of ____

Charitable Withholding Statement

CHARITY'S name, street address, city, state, and ZIP Code

CHARITY'S federal identification no.	EMPLOYEE'S Social Security no.

EMPLOYEE'S name

EMPLOYEE'S street address (including apt. no.)

EMPLOYEE'S city, state, ZIP Code

2015	1 Employee contributions made in 2015	2 Termination date (if applicable)
	$	M M D D 2 0 Y Y

ADOR 10754 (14)

❒ CORRECTED (if checked)

Charitable Withholding Statement

CHARITY'S name, street address, city, state, and ZIP Code

CHARITY'S federal identification no.	EMPLOYEE'S Social Security no.

EMPLOYEE'S name

EMPLOYEE'S street address (including apt. no.)

EMPLOYEE'S city, state, ZIP Code

2015	1 Employee contributions made in 2015	2 Termination date (if applicable)
	$	M M D D 2 0 Y Y

ADOR 10754 (14)

❒ CORRECTED (if checked)

Charitable Withholding Statement

CHARITY'S name, street address, city, state, and ZIP Code

CHARITY'S federal identification no.	EMPLOYEE'S Social Security no.

EMPLOYEE'S name

EMPLOYEE'S street address (including apt. no.)

EMPLOYEE'S city, state, ZIP Code

2015	1 Employee contributions made in 2015	2 Termination date (if applicable)
	$	M M D D 2 0 Y Y

ADOR 10754 (14)

❒ CORRECTED (if checked)

Charitable Withholding Statement

CHARITY'S name, street address, city, state, and ZIP Code

CHARITY'S federal identification no.	EMPLOYEE'S Social Security no.

EMPLOYEE'S name

EMPLOYEE'S street address (including apt. no.)

EMPLOYEE'S city, state, ZIP Code

2015	1 Employee contributions made in 2015	2 Termination date (if applicable)
	$	M M D D 2 0 Y Y

ADOR 10754 (14)

❒ CORRECTED (if checked)

2015 Arizona Charitable Withholding Statement

Arizona Form A1-C

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

Phoenix	(602) 255-2060
From area codes 520 and 928, toll-free	(800) 843-7196

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

NOTE: Form A1-C for calendar year 2015 is due January 30, 2016. Do not mail Form A1-C with any other withholding form. Be sure to mail Form A1-C to the correct address: Arizona Department of Revenue, Office of Economic Research and Analysis, PO BOX 29099, Phoenix, AZ 85038-9099.

General Instructions

An employee can request that his or her employer reduce his or her withholding in an amount equal to income tax credit(s) the employee will qualify for when filing the employee's income tax return. Only the following credits qualify for the reduction in withholding:

- contributions to qualifying charitable organizations, provided by Arizona Revised Statutes (A.R.S.) § 43-1088 and claimed on Arizona Form 321;
- contributions made or fees paid to public schools, provided by A.R.S. § 43-1089.01 and claimed on Arizona Form 322; and
- contributions to private school tuition organizations, provided by A.R.S. §§ 43-1089 and 43-1089.03 and claimed on Arizona Form 323 and Arizona Form 348.

Who Must File Form A1-C

Employers that make payments of the reduced withholding of its employees to charitable organizations as provided by A.R.S. § 43-401(G)(1) must file Form A1-C, *Arizona Charitable Withholding Statement*, to report the information required by A.R.S. § 43-401(G)(4). Form A1-C is also the Arizona transmittal statement for detail forms. These detail forms are required to be filed with Form A1-C as an integral part of the statement required by the statute.

Instead of completing the individual Charitable Withholding Statements, employers may substitute their own schedule as long as it contains the same information.

NOTE: *Employers that file Form A1-C must still file either Form A1-APR,* Arizona Annual Payment Withholding Tax Return, *or Form A1-R,* Arizona Withholding Reconciliation Return, *to reconcile their payments and transmit federal Forms W-2, W-2c, W-2G, 1099-R and any other federal information returns that include Arizona withholding. Mail each form to the address on the form, by the due date or extended due date.*

Filing Original Statements

This statement must be filed annually, on a calendar year basis (i.e., for the period January 1, 2015, through December 31, 2015) or within 15 days of termination of an employee whose withholding was reduced. The annual statement is due by January 30 of the year following the calendar year in which donations were withheld. If the due date falls on a Saturday, Sunday, or legal holiday, the statement is considered timely if it is filed by the next day that is not a Saturday, Sunday, or legal holiday. Mail the statement to:

Arizona Department of Revenue
Office of Economic Research and Analysis
PO Box 29099
Phoenix, AZ 85038-9099

Filing Amended Statements

If this is an amended Form A1-C, check the amended statement box. Enter the amended numbers in all areas of the form, and complete Part III to explain why an amended statement is being filed. Include amended detail forms with the amended statement. Check the "Corrected" box on the amended individual statements.

Specific Instructions

Type or print the name, address, and phone number in the boxes in the Employer Information section. If the employer has 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's name.**

Check the boxes to indicate whether this statement is an amended statement, and whether the address of the employer has changed.

Enter the employer identification number (EIN) where indicated to the right of the employer's name and address.

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

Fill out one individual Charitable Withholding Statement in Section II for each charity that each employee had the employer make payments to on behalf of the employee. There may be several individual Charitable Withholding Statements for each charity and for each employee. Include continuation sheet(s), if necessary. Make sure the employer's name and EIN are included on the top of each continuation sheet filed to the department.

Instead of completing the individual Charitable Withholding Statements, employers may substitute their own schedule as long as it contains the same information.

Box 1 - Employee Contributions Made in 2015

Include the amount of reduced withholding paid to the employee's chosen charity. Do not round the amount paid.

Box 2 - Termination Date

Enter the termination date of the employee, if applicable.

Provide a copy of the individual Charitable Withholding Statement to the employee. Maintain a copy of the statements for the employer's records.

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Arizona Form
A1-R

Arizona Withholding Reconciliation Return

2014

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

For the calendar year 2014.
Due on or before February 28, 2015.

Employer Identification Number (EIN)

Period End
12/31/2014

Taxpayer Information

Name

Number and street or PO Box

City or town, state and ZIP Code

Business telephone number (with area code)

Check box if: ☐Amended Return ☐Address Changed

REVENUE USE ONLY. DO NOT MARK IN THIS AREA.
88

81 PM | 66 RCVD

This Arizona Form A1-R is an information return. Do not submit any liability owed or try to claim refunds due with this return. To submit additional liability or claim a refund, file amended quarterly withholding tax Form(s) A1-QRT.

1	Total Arizona Tax Withheld per federal Forms W-2, W-2c, W-2G and 1099-R	1	
2	Total wages paid to Arizona employees for 2014	2	
3	Total number of Arizona employees in 2014	3	
4	Total number of federal Forms W-2, W-2c, W-2G, and 1099-R submitted	4	
5	Information Return Penalty	5	00

Annual Summary of Amounts Reported on 2014 Arizona Forms A1-QRT

			Liability Reported
6	First Quarter	6	
7	Second Quarter	7	
8	Third Quarter	8	
9	Fourth Quarter	9	
10	Total Annual Withholding Reported	10	

Explain Why an Amended Form A1-R is Being Filed (include additional sheet, if necessary)

Declaration Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, it is a true, complete and correct return.

Please Sign Here

TAXPAYER'S SIGNATURE | DATE | ( ) BUSINESS TELEPHONE NUMBER

Paid Preparer's Use Only

PAID PREPARER'S SIGNATURE | DATE | PAID PREPARER'S PTIN

FIRM'S NAME (OR PAID PREPARER'S NAME, IF SELF-EMPLOYED) | FIRM'S ☐EIN OR ☐SSN

FIRM'S STREET ADDRESS | ( ) FIRM'S TELEPHONE NUMBER

CITY | STATE | ZIP CODE

Mail return to: Arizona Department of Revenue, PO Box 29009, Phoenix, AZ 85038-9009

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2014 Arizona Withholding Reconciliation Return

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

Phoenix	(602) 255-2060
From area codes 520 and 928, toll-free	(800) 843-7196

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

General Instructions

NOTE: *These instructions specifically address Form W-2 and Form W-2c. Certain federal information returns (i.e. Form W-2G, Form 1099-MISC, Form 1099-R, etc.) should only be included to report Arizona withholding, in accordance with Arizona Withholding Tax Ruling WTR 99-1.*

Who May File Form A1-R

Employers that file Form A1-QRT must file Form A1-R, *Arizona Withholding Reconciliation Return*, to perform the reconciliation required by Arizona Revised Statutes (A.R.S.) § 43-412. Form A1-R is also the Arizona transmittal return for federal Form W-2 and Form W-2c. Form W-2G, Form 1099-MISC, and Form 1099-R are only required if those forms include Arizona withholding. These federal forms are required to be filed with Form A1-R as an integral part of the reconciliation required by the statute.

NOTE: *Employers that file Form A1-APR,* Arizona Annual Payment Withholding Tax Return, *will not file Form A1-R. Form A1-APR contains the reconciliation required by A.R.S. § 43-412.*

Filing Original Returns

File this return only on a calendar year basis, i.e., for the period January 1, 2014, through December 31, 2014. The return is due by February 28 of the year following the calendar year for which payments were made. If the due date falls on a Saturday, Sunday, or legal holiday, the return is considered timely if it is filed by the next day that is not a Saturday, Sunday, or legal holiday. If the employer has an Arizona extension, file the return by the extended due date. Include a copy of the extension request to the front of the return. Mail the return to:

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

Extension of Time to File a Return

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

An employer may apply for an extension of time to file Form A1-R upon a showing of good cause. The employer must file the extension request as soon as the employer knows that an extension of time to file is necessary. The extension request must be mailed on or before February 28. An extension cannot be granted if the extension request is filed after the due date of Form A1-R. An extension of time to file Form A1-R is also an extension of time to file federal Forms W-2, W-2c, W-2G, and 1099-R associated with that return. Include a copy of the extension request to the front of Form A1-R when filing Form A1-R.

Filing Amended Returns

If this is an amended Form A1-R, check the amended return box. Enter the amended numbers in all areas of the form, and explain why an amended return is being filed in the space provided. Include amended federal Forms W-2, W-2c, W-2G, and/or 1099-R with the amended return.

Penalties

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

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

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

Optical media. Label the CD-ROM or DVD with the employer's name, employer identification number, calendar year and Form W-2 or Form 1099 (or both, whichever applies). If the CD-ROM or DVD is password protected, include the email address the password originated from on the CD-ROM or DVD label. Email the password separately to MediaLibrarian@azdor.gov. Include “Form W-2” or “Form 1099” (or both, whichever applies) in the subject line of the email. In the body of the email, include the same information that is on the CD-ROM or DVD label. The department **will not** return or copy any media.

CAUTION: The employer submits the CD-ROM or DVD at its own risk and understands that the information may need to be provided to the department again at a later date if it is not accessible by the department for any reason.

Employers submitting the information on CD-ROM or DVD should secure the CD-ROM or DVD in a hard case and include it with Form A1-R.

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

NOTE*: Only the federal documents submitted with the Arizona Form A1-R may be filed via optical media. A paper copy of Arizona Form A1-R must be filed to the address on the form, unless Form A1-R was filed electronically through a payroll service company or transmitter. Please do not include a paper copy of Form A1-R with the CD-ROM or DVD containing optical media. Instead, complete Arizona Form A1-T.*

Paper copy. Submit a paper copy of each federal Form W-2, W-2c, W-2G, and 1099-R with Form A1-R.

NOTE*: If Form A1-R was filed electronically, then complete Arizona Form A1-T and include it with with the paper copy of the federal Forms W-2, W-2c, W-2G and 1099-R.*

Mail Form A1-R and the document(s) to:

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

Specific Instructions

Type or print the name, address, and phone number in the boxes in the Taxpayer Information section. If the employer has 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's name.**

Check the boxes to indicate whether this return is an amended return, and whether your address is changed. If filing under extension, include a copy of the extension request with your return.

Enter the employer identification number (EIN) where indicated to the right of the taxpayer name. Complete lines 1 through 4.

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

Line 5 -

Form A1-R is an information return. An information return that is incomplete or filed after its due date (including extensions) is subject to a penalty of $100 for each month, or fraction of a month, that the failure continues, up to a maximum penalty of $500. If the employer files this return after its due date (including extensions), enter the amount of the penalty on this line. Payments can be made via check, electronic check, money order, or credit card.

Check or Money Order

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

Internet Payments

Employers must be registered with the department before they can pay taxes online. Go to www.AZTaxes.gov to register or to make payments over the Internet.

Electronic payment from checking or savings account

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

Credit card payment

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

Annual Summary of Amounts Reported on 2014 Arizona Forms A1-QRT

Lines 6 through 10 -

Enter the amount of Arizona tax reported on Form A1-QRT for each quarter and total the amounts on line 10.

Underpayment of Tax for 2014

If you discover that you have an underpayment of tax for 2014, submit an amended Form A1-QRT for each underpaid quarter.

Remit a separate payment with each amended Form A1-QRT. Enter your employer identification number on your check. The department will calculate the amount of interest and any applicable penalties and send a billing notice after the amended return is processed.

Overpayment of Tax for 2014

If you discover that you have an overpayment of tax for 2014, submit an amended Form A1-QRT for each overpaid quarter.

After the amended return is processed and payments are confirmed, the overpayment will be applied to any outstanding liabilities, possibly in another tax type. If the overpayment exceeds the outstanding liabilities or the employer has no outstanding liabilities, a refund will be issued. A refund will not be issued once the overpayment is applied to a liability.

Arizona Form
A1-E

Employer's Election to Not Withhold Arizona Taxes in December

2015

Name		Employer Identification Number
Address – number and street or rural route		
City or Town	State	ZIP Code

Number of Arizona employees: _____

☐ Election is hereby made to not withhold Arizona taxes from compensation paid to employees during the month of December 2015, and certification is made that all employees have been notified of this and given the option of completing a new Arizona Form A-4 to change the withholding election for the rest of the year.

I certify that I am authorized to make and have made the election marked above.

SIGNATURE	PHONE NUMBER (with area code)	DATE

General Instructions

Purpose of Form A1-E

Form A1-E is to be used by Arizona employers to elect to ***not*** withhold Arizona taxes from compensation paid to employees during December. If you make this election, it applies to ***all*** employees.

Action Required

- Notify all your employees in writing, informing them of your election to not withhold Arizona taxes from their December 2015 wages and informing them that they can, if they wish, complete Arizona Form A-4 to adjust their Arizona withholding election to compensate for the change in their annual withholding amount.
- Complete Form A1-E and mail it by July 1, 2015. **You only need to submit one Form A1-E for all employees**.

Deadline

Form A1-E must be filed and all employees notified by July 1, 2015.

Where to Mail Form A1-E

Mail Form A1-E to:

ARIZONA DEPARTMENT OF REVENUE
OFFICE OF ECONOMIC RESEARCH AND ANALYSIS
PO BOX 29099
PHOENIX, AZ 85038-9099

Duration of this Election

This election is valid for December 2015 only.

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Arizona Form **A-4**

Employee's Arizona Withholding Election

2015

Type or print your Full Name		Your Social Security Number
Home Address – number and street or rural route		
City or Town	State	ZIP Code

Choose either box 1 or box 2:

☐ **1** Withhold from gross taxable wages at the percentage checked **(check only one percentage)**:

☐ 0.8% ☐ 1.3% ☐ 1.8% ☐ 2.7% ☐ 3.6% ☐ 4.2% ☐ 5.1%

☐ Check this box and enter an extra amount to be withheld from each paycheck ..... $

☐ **2** I elect an Arizona withholding percentage of zero, and I certify that I expect to have no Arizona tax liability for the current taxable year.

I certify that I have made the election marked above.

SIGNATURE DATE

Employee's Instructions

Arizona law requires your employer to withhold Arizona income tax from your wages for work done in Arizona. This amount is applied to your Arizona income tax due when you file your tax return. The amount withheld is a percentage of your gross taxable wages of every paycheck. You may also have your employer withhold an extra amount from each paycheck. Complete this form to select a percentage and any extra amount to be withheld from each paycheck.

What are my "Gross Taxable Wages"?

For withholding purposes, your "gross taxable wages" are the wages that will generally be in box 1 of your federal Form W-2. It is your gross wages less any pretax deductions, such as your share of health insurance premiums.

New Employees

Complete this form in the first five days of employment to select an Arizona withholding percentage. You may also have your employer withhold an extra amount from each paycheck. If you do not file this form, the department requires your employer to withhold 2.7% of your gross taxable wages.

Current Employees

If you want to change the current amount withheld, you must file this form to change the Arizona withholding percentage or change the extra amount withheld.

What Should I do With Form A-4?

Give your completed Form A-4 to your employer.

Electing a Withholding Percentage of Zero

You may elect an Arizona withholding percentage of zero if you expect to have no Arizona income tax liability for the current year. Arizona tax liability is gross tax liability less any tax credits, such as the family tax credit, school tax credits, or credits for taxes paid to other states. If you make this election, your employer will not withhold Arizona income tax from your wages for payroll periods beginning after the date you file the form. Zero withholding does not relieve you from paying Arizona income taxes that might be due at the time you file your Arizona income tax return. If you have an Arizona tax liability when you file your return or if at any time during the current year conditions change so that you expect to have a tax liability, you should promptly file a new Form A-4 and choose a percentage that applies to you.

Voluntary Withholding Election by Certain Nonresident Employees

Compensation earned by nonresidents while physically working in Arizona for temporary periods is subject to Arizona income tax. However, under Arizona law, compensation paid to certain nonresident employees is not subject to Arizona income tax withholding. These nonresident employees need to review their situations and determine whether they should elect to have Arizona income taxes withheld from their Arizona source compensation. Nonresident employees may request that their employer withhold Arizona income taxes by completing this form to elect Arizona income tax withholding.

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Employer's Instructions for the Employee's Arizona Withholding Election

Arizona Form A-4

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

Phoenix	(602) 255-2060
From area codes 520 and 928, toll-free	(800) 843-7196

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

Arizona Revised Statutes (A.R.S.) § 43-401 requires an employer to make Form A-4 available to employees at all times and to inform employees of the Arizona withholding election options.

Arizona income tax withholding is based on a percentage of gross taxable wages. "Gross taxable wages" is the amount that meets the federal definition of "wages" contained in Internal Revenue Code § 3401 and that will generally be included in box 1 of the employee's federal Form W-2 at the end of the calendar year (i.e. gross wages net of pretax deductions, such as the employee's portion of health insurance premiums). Employees may also elect an extra amount to be withheld from each paycheck.

New Employees

New employees must complete Form A-4 within the first five days of employment. If the employee does not complete this form, the employer must withhold 2.7% of the employee's gross taxable wages, until the employer receives a completed form from the employee.

Current Employees

Current employees must complete Form A-4 to elect a different Arizona withholding percentage or to change the extra amount to be withheld from each paycheck. If the employee wants to increase or decrease the amount of Arizona withholding, the employee must complete Form A-4 to change the Arizona withholding percentage or change the extra amount to be withheld from each paycheck.

Electing a Withholding Percentage of Zero

An employee may elect an Arizona withholding percentage of zero, if the employee expects to have no Arizona income tax liability for the current taxable year. If an employee makes this election, the employer will not withhold Arizona income tax from the employee's compensation for payroll periods beginning after the date of the employee's election.

NOTE: *This election must be renewed annually by each employee claiming to be exempt from Arizona withholding.*

Voluntary Withholding Election by a Nonresident Employee Exempt Under A.R.S. § 43-403(A)(5)

A qualifying employee may use this form to voluntarily elect to have a portion of the employee's compensation withheld under the provisions of A.R.S. § 43-403(D)(1) for application toward the employee's Arizona income tax liability. The employee completes this form to elect an Arizona withholding percentage and an extra amount to be withheld from each paycheck.

NOTE: *This exemption does not apply to a nonresident employee who is in this state solely for athletic or entertainment purposes.*

QUALIFYING CRITERIA FOR THE A.R.S. § 43-403(A)(5) EXEMPTION. The exemption under the provisions of A.R.S. § 43-403(A)(5) applies to wages paid to nonresident individuals who are:

1. Employed by a company having property, payroll, and sales in Arizona or by a related entity having more than 50 percent direct or indirect common ownership; **and**
2. Physically present in Arizona for less than 60 days in a calendar year for the purpose of performing a service that will benefit the employer.

   Activities not included in determining the number of days of service are:

   a. Being in transit.
   b. Engaging in personal activities.
   c. Participating in training or professional development activities or attending meetings that are not directly connected to the Arizona operations of the employer.

A "related entity having more than 50 percent direct or indirect common ownership" means that the related entities are more than 50 percent owned by the same interests. The examples below illustrate three different situations in which the nonresident employee is performing services in Arizona for such an entity for less than 60 days during a calendar year. In these examples, the employer has met the qualifying criteria for the A.R.S. § 43-403(A)(5) exemption and, therefore, does not have to withhold Arizona income taxes from compensation paid to the employee for services performed in Arizona.

Example 1:

Corporation A is the U.S. domestic parent of Corporation B, a wholly owned foreign subsidiary corporation. Corporation A has property, payroll and sales in Arizona. Corporation B operates in China and does not have property, payroll and sales in Arizona. Individual R, an Arizona nonresident, is an employee of Corporation B. Individual R performs services for Corporation B in Arizona for 45 days during calendar year 2015.

Example 2:

Corporation F, based in California, is the common parent of Corporation W. Corporation F does not have property, payroll and sales in Arizona. Corporation W does have property, payroll and sales in Arizona. Individual L, an Arizona nonresident, is an employee of Corporation F. Individual L performs services for Corporation F in Arizona for 55 days during calendar year 2015.

Example 3:

Individual D owns 60 percent of Corporation K and 51 percent of Corporation S. Individual N owns 40 percent of Corporation K and 49 percent of Corporation S. Corporation S has property, payroll and sales in Arizona. Corporation K, based in California, does not have property, payroll and sales in Arizona. Individual T, an Arizona nonresident, is an employee of Corporation K. Individual T performs services for Corporation K in Arizona for 35 days during calendar year 2015.

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Arizona Form **A-4P**

Annuitant's Request for Voluntary Arizona Income Tax Withholding

2015

Type or print your Full Name			Your Social Security Number
Home Address – number and street or rural route			Annuity Contract Claim or I.D. Number
City or Town	State	ZIP Code	Telephone Number (with area code)

Choose either box 1 or box 2:

☐ **1** I elect to have Arizona income taxes withheld from my annuity or pension payments as authorized by A.R.S. § 43-404. Withhold from the taxable amount of distribution at the percentage checked **(check only one percentage)**:

☐ 0.8% ☐ 1.3% ☐ 1.8% ☐ 2.7% ☐ 3.6% ☐ 4.2% ☐ 5.1%

☐ Check this box and enter an extra amount to be withheld per distribution..... $ _____

☐ **2** I elect to terminate my prior election for voluntary Arizona income tax withholding from my annuity or pension payments as authorized by A.R.S. § 43-404.

I certify that I have made the election marked above.

SIGNATURE _____ DATE _____

General Instructions

Who May Use Form A-4P

A person who receives an annuity or pension may use this form to elect voluntary Arizona income tax withholding. Arizona withholding is a percentage of the taxable amount of distribution in Box 2a of federal Form 1099-R. Therefore, you may elect voluntary Arizona income tax withholding at the applicable percentage rates and enter an extra amount to be withheld from each distribution.

"Annuity" means any amount paid to an individual as a pension or annuity, but only to the extent that the amount is includible in the Arizona gross income of that individual.

You may NOT elect to have Arizona income tax withheld from nonperiodic payments, lump sum distributions, or individual retirement account distributions, that do not meet the definition of annuity listed above.

You also may NOT elect to have Arizona income tax withheld from Social Security pensions, Veteran's Administration annuities, or Railroad Retirement pensions.

Where to Mail Form A-4P

Mail Form A-4P to the payor of your annuity or pension. Do not mail Form A-4P to the Arizona Department of Revenue.

Duration of Voluntary Arizona Withholding Election

The payor of your pension or annuity will withhold Arizona income tax from your payments until you notify the payor to terminate Arizona withholding.

How to Terminate a Voluntary Arizona Withholding Election

You may terminate your voluntary Arizona withholding election at any time. You may use Form A-4P to terminate Arizona withholding or you may send a written notice to the payor of your pension or annuity requesting termination of withholding.

Statement of Income Tax Withheld

The payor of your pension or annuity will provide you with a statement that lists the total amount of your pension or annuity payments and the total amount of Arizona income tax withheld from these payments for the calendar year 2015. The payor of your pension or annuity will provide this statement to you in early 2016.

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Arizona Form **A-4V**

Voluntary Withholding Request for Arizona Resident Employed Outside of Arizona

2015

Type or print your Full Name		Your Social Security Number
Home Address – number and street or rural route		
City or Town	State	ZIP Code

Choose either box 1 or box 2:

☐ **1** I am an Arizona resident employed outside of Arizona. I elect to have Arizona income taxes withhheld from my compensation paid for services performed outside of Arizona for my employer as authorized by A.R.S. § 43-408. Withhold from gross taxable wages at the percentage checked **(check only one percentage)**:

☐ 0.8% ☐ 1.3% ☐ 1.8% ☐ 2.7% ☐ 3.6% ☐ 4.2% ☐ 5.1%

☐ Check this box and enter an extra amount to be withheld per paycheck..... $ _____

☐ **2** I am an Arizona resident employed outside of Arizona. I elect to terminate my prior election for voluntary Arizona income tax withholding from my compensation paid for services performed outside of Arizona for my employer.

I certify that I have made the election marked above.

EMPLOYEE'S SIGNATURE _____ DATE _____

General Instructions

Who May Use Form A-4V

Arizona Form A-4V is for Arizona resident employees who are performing work outside of Arizona. Use this form to request that your employer withhold Arizona income taxes from your wages for work done outside of Arizona. This amount is applied to your Arizona income tax due when you file your return. Your employer is not required by statute to grant your request.

If your employer agrees to withhold Arizona income tax from your wages, Arizona withholding is a percentage of your gross taxable wages of every paycheck. You may also have your employer withhold an extra amount from each paycheck.

What are my "Gross Taxable Wages"?

For withholding purposes, "gross taxable wages" are the wages from each paycheck that will generally be in box 1 of your federal Form W-2. It is your gross wages less any pretax deductions, such as your share of health insurance premiums.

What Should I do With Form A-4V?

Complete this form to request that your employer withhold Arizona income tax from your wages and elect an Arizona withholding percentage and any additional amount to be withheld from each paycheck. Give your completed form to your employer.

Employer Certification

_____, the employer of an Arizona resident,
(NAME OF EMPLOYER – COMPANY OR INDIVIDUAL)

_____, whose compensation is for services performed outside of Arizona,
(EMPLOYEE'S NAME)

has agreed to withhold Arizona income taxes from the employee's compensation as authorized by A.R.S. § 43-408. As stated in A.R.S. § 43-408(B), the employer understands and agrees that the employer and the employee are subject to the provisions of Chapter 4 of Title 43 of the Arizona Revised Statutes, as if the employer were required to withhold Arizona income taxes from such compensation.

SIGNATURE OF OFFICER, SOLE PROPRIETOR, OR AGENT _____ TITLE _____ DATE _____

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Arizona Form **WEC**

Withholding Exemption Certificate

2015

For use by nonresident employees who anticipate no Arizona income tax liability for the taxable year based on eligibility of a tax credit allowance for income taxes paid to the state of domicile or residency. Arizona income tax returns will still be required if the nonresident employee meets Arizona filing requirements.

See instructions on reverse side.

Type or print your Full Name		Your Social Security Number
Home Address – number and street or rural route		
City or Town	State	ZIP Code

Employee's Certification:

I declare that I am a resident of the State of _____, and that I am on a temporary duty assignment for my employer, _____, in Arizona. I certify that as a nonresident of Arizona, I anticipate no Arizona net income tax liability since I am eligible for a tax credit allowance under A.R.S. § 43-1096, as amended, for income taxes which will be paid to my state of residence or domicile for the year 2015.

SIGNATURE _____ DATE _____

- Employee: File the completed certificate with your employer.
- Employer: Keep this certificate for your records. **Please do not mail this form to the Arizona Department of Revenue unless requested to do so.**

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

Phoenix..... (602) 255-3381

From area codes 520 and 928,
toll-free..... (800) 352-4090

www.azdor.gov

General Instructions

Who May Use Form WEC

A nonresident employee who performs services for an employer within Arizona may claim an exemption from Arizona income tax withholding providing the following two requirements are met:

1. The employee is a resident of, or domiciled in, one of the following states:

   California, Indiana, Oregon, or Virginia; AND

2. The employee is allowed a tax credit for income taxes paid to the employee's state of residency or domicile pursuant to A.R.S. § 43-1096.

How to Claim an Exemption From Arizona Income Tax Withholding

The employee must complete Arizona Form WEC to claim an exemption from Arizona income tax withholding. Give the completed certificate to your employer.

The employer should keep the certificate for the employer's records. Only provide a copy to the department upon request.

Does the Employee Have to File an Arizona Nonresident Individual Income Tax Return?

Although an employee may be exempt from Arizona income tax withholding, the employee may be required to file Arizona Form 140NR, *Nonresident Personal Income Tax Return*, if:

1. The employee's gross income is $15,000 or more; or

2. The employee's Arizona adjusted gross income is $5,500 or more if single, head of household, or married filing a separate return; or

3. The employee's Arizona adjusted gross income is $11,000 or more if married filing a joint return.

For purposes of the filing requirement, "gross income" is gross income as defined under the Internal Revenue Code less income included in gross income that is excluded from Arizona taxation.

Arizona Form **WECI** **Withholding Exemption Certificate for Native Americans** **2015**

For use by tribal enrolled NATIVE AMERICAN employees who live and are employed within an Indian reservation established for that tribe and thereby claim that no Arizona state income tax liabilities exist based on the decision by the Supreme Court of the United States in *McClanahan vs. Arizona State Tax Commission*, 411 U.S. 164, 93 S. Ct. 1257 (1973).

Type or print your Full Name				Your Social Security Number
Home Address – number and street or rural route				Tribal Census Number
City or Town	State	ZIP Code	Tribal Affiliation	

Employee's Certification:

I declare, under penalty of perjury, that I am a Native American residing on the _____ Indian Reservation; I am an enrolled member of the tribe for which that reservation was established; and that all my services as an employee of _____ are performed within the boundaries of that Indian reservation. I hereby request that no Arizona state income tax be withheld and assert that no liability for state income taxes exists based upon the findings by the *United States Supreme Court in McClanahan vs. Arizona State Tax Commission*, 411 U.S. 164, 93 S. Ct. 1257 (1973).

EMPLOYEE'S SIGNATURE _____ DATE _____

Employer: I hereby affirm that to the best of my knowledge, the above statement is true and correct.

EMPLOYER'S SIGNATURE _____ DATE _____

NOTE: Arizona exempts Native Americans from Arizona's withholding requirements if the individual is living and employed on a reservation, and he or she is an affiliated and enrolled member of the tribe for which that reservation was established.

- Employee: File the completed certificate with your employer. Keep a copy of this certificate for your records.
- Employer: Keep this certificate for your records. **Please do not mail this form to the Arizona Department of Revenue unless requested to do so.**

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Arizona Form **WECM** | **Withholding Exemption Certificate for Military Spouses** | **2015**

For use by an employee, who is a spouse of a servicemember, to claim an exemption from Arizona withholding on wages because: (i) your spouse is a member of the armed forces present in Arizona in compliance with military orders; (ii) you are present in Arizona solely to be with your spouse; and (iii) you maintain a domicile in another state, which is the same state that is the domicile of the servicemember.

Arizona income tax returns will still be required if the nonresident employee meets Arizona filing requirements.

See instructions on reverse side.

Type or print your Full Name		Your Social Security Number
Home Address – number and street or rural route		
City or Town	State	ZIP Code

1. I am a resident of the State of _____.

2. My servicemember spouse is a resident of the State of _____.

   Are the states listed in lines 1 and 2 identical?
   ☐ Yes. Complete the Employee's Certification below.
   ☐ No. STOP! You do not qualify to file Form WECM.

3. Employee's Certification: I declare that I am present in Arizona solely to be with my servicemember spouse who is present in Arizona in compliance with military orders.

   SPOUSE'S NAME _____ SPOUSE'S SSN _____

   My military spouse identification number is: _____
   Date issued: M M D D Y Y Y Y

4. ☐ By checking this box, I am notifying my employer to terminate this exemption, as I no longer qualify to be exempt from withholding as the spouse of a servicemember.

EMPLOYEE'S SIGNATURE _____ DATE _____

- Employee: Include a copy of your military spouse identification and your spouse's last Leave and Earnings Statement (LES) and file the completed certificate with your employer. Keep a copy of this certificate for your records.
- Employer: Keep this certificate and documents for your records. **Please do not mail this form to the Arizona Department of Revenue unless requested to do so.**

Employer: I have inspected the employee's original military spouse identification, and verified the number and date in line 3 above.

EMPLOYER'S SIGNATURE _____ DATE _____

PRINT NAME _____

ADOR 10760 (14)

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

Phoenix..... (602) 255-3381

From area codes 520 and 928,
toll-free..... (800) 352-4090

www.azdor.gov

General Instructions

Who May Use Form WECM

An employee who performs services for an employer within Arizona is exempt from Arizona income tax withholding provided the following three requirements are met:

1. Your spouse is a member of the armed forces present in Arizona in compliance with military orders;

2. You are present in Arizona solely to be with your spouse; and

3. You maintain a domicile in another state, which is the same state that is the domicile of the servicemember.

When to File Form WECM

File Form WECM as soon as you qualify for the exemption.

TO CONTINUE TO BE EXEMPT FROM ARIZONA WITHHOLDING: A new Form WECM, with a copy of your military spouse identification and your spouse's last Leave and Earnings Statement (LES), must be filed with your employer every calendar year.

If the employee's situation changes and the employee no longer qualifies for the withholding exemption, the employee must file a revised Form WECM with their employer to terminate the exemption.

How to Claim an Exemption From Arizona Income Tax Withholding for Military Spouses

You must complete Arizona Form WECM to claim an exemption from Arizona income tax withholding. Complete this form and give it to your employer. Attach a copy of your military spouse identification and your spouse's last Leave and Earnings Statement (LES).

Be sure to keep a copy of this certificate for your records.

The employer must keep this certificate and attachments for its records. You only need to provide a copy to the department upon request.

Does the Employee Have to File an Arizona Nonresident Individual Income Tax Return?

Although an employee may be exempt from Arizona income tax withholding on income earned for services performed in Arizona, the employee may be required to file Arizona Form 140NR, *Nonresident Personal Income Tax Return*, if the employee has any other income subject to Arizona income tax and:

1. The employee's gross income is $15,000 or more; or

2. The employee's Arizona adjusted gross income is $5,500 or more if single, head of household, or married filing a separate return; or

3. The employee's Arizona adjusted gross income is $11,000 or more if married filing a joint return.

For purposes of the filing requirement, "gross income" is gross income as defined under the Internal Revenue Code less income included in gross income that is excluded from Arizona taxation.

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