

## Items of Interest for 2010

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### Extra Time for Filing 2010 Returns

You have extra time to file and pay for 2010 because April 15, 2011 is a legal holiday in Washington DC. This means that your 2010 calendar year tax return is due no later than midnight, April 18, 2011.

### 2010 Standard Deduction the Same as 2009

For 2010, the standard deduction is the same as it was for 2009 (\$4,677 for a single taxpayer or a married couple filing separate returns and \$9,354 for a head of household or a married couple filing a joint return).

### Haiti Earthquake Relief Donations Made in 2010 but Deducted on Your 2009 Federal Return.

For Arizona purposes, you must deduct any donations for Haiti relief that you made during 2010 on your 2010 Arizona return. If you deducted these donations on your 2009 federal income tax return, you must add that amount back on the 2009 Arizona return and then deduct it on your 2010 Arizona return.

### Discharge of Indebtedness (DOI) Income under I.R.C § 108(i)

If you made the federal election to defer the inclusion of DOI income under I.R.C. § 108(i), you must make an addition to Arizona income for the amount of DOI that you deferred and excluded from your 2010 federal adjusted gross income. In future years when you include that income on your federal income tax return, you will be allowed to take a subtraction for the amount already included in Arizona income.

### Original Issue Discount (OID) on Reacquisition of Debt Instrument

Arizona did not adopt the federal provisions requiring a taxpayer to defer the OID deduction in cases where the taxpayer deferred the DOI income under I.R.C. § 108(i). In this case a taxpayer may subtract any OID deduction that was deferred on the federal return. In future years when the taxpayer takes this deduction on the federal return, the taxpayer will be required to make an addition to Arizona income for the amount of OID already subtracted for Arizona purposes.

### Special Net Operating Loss (NOL) Subtraction Rules for Losses Carried Forward from 2008 or 2009

Arizona did not adopt the federal net operating loss rules [I.R.C. § 172(b)(1)(H)] for losses incurred during 2008 or 2009. For Arizona purposes, you must deduct the loss as if you computed the loss under I.R.C. § 172 in effect prior to the enactment of those rules. An Arizona subtraction will be allowed for the difference between the actual carryforward

on the federal return and the carryforward that would have been allowed as a deduction on the federal return if the election had not been made.

### New Refund Check-off for the "I Didn't Pay Enough Fund"

You may give some or all of your refund to the I Didn't Pay Enough Fund. Gifts that you make to the I Didn't Pay Enough Fund will aid the state by going to the Arizona general fund.

### Nonresidents Must Now Prorate the Standard Deduction

Nonresident individuals, who claim the standard deduction, must now prorate the deduction by the percentage which the taxpayer's Arizona gross income is of the taxpayer's federal adjusted gross income.

### Private School Tuition Credit

If you make a donation to a private school tuition organization between January 1, 2011 and April 15, 2011, you may opt to take a credit for this donation on your 2010 return. If you do not take the credit for this donation on your 2010 return, you may take the credit on your 2011 return. See Form 323 for details.

### New Refundable Renewable Energy Industry Credit

A taxpayer may qualify for the refundable renewable energy industry credit if the taxpayer expanded or located a qualified renewable energy operation in Arizona. See Form 342 for details.

### Portion of R & D Credit May Now be Refundable

Starting with the 2010 taxable year, a portion of the R & D credit may be refundable to qualified taxpayers. See Form 308-I for details.

### Innocent Spouse Relief Form 200 Revised

We have revised the Form 200 to help us process the form faster. The new Form 200 asks for a lot more information. We know that some of the questions on this form involve sensitive subjects, but we need this information to determine whether a taxpayer qualifies for relief.

### New Estimated Payment Form for Form 141AZ Filers

A fiduciary making estimated income tax payments on behalf of an estate or trust should use new Form 141AZ ES rather than Form 140ES to make those payments.

### New Extension Request Form for Form 141AZ Filers

A fiduciary filing for an Arizona extension or making an Arizona extension payment on behalf of an estate or trust should use new Form 141AZ EXT rather than Form 204.

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## Special Notice for 2009 Returns

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Arizona did not fully conform to federal tax law changes for 2009. This means that you may have to file an amended return for 2009. Look at items 1 through 5 below. See if any of those items apply to you. If any of those items apply to you, this will affect your 2009 return. If you have already filed your 2009 return, you must file an amended return to properly report those items. If you were a full year resident during 2009 and you filed Form 140, 140A or 140EZ, you may use Form 140X-NC to correct your 2009 return. If you file Form 140X-NC and pay the entire tax due by October 17, 2011, we will not charge you any penalty or interest on that tax.

The following is the list of items that affect your 2009 return.

1. You received unemployment income during 2009. You excluded up to \$2,400 of that income on your 2009 federal return.
2. You claimed an itemized deduction for both the sales tax on a new motor vehicle and state income taxes on your 2009 federal return.
3. You made a cash gift during 2010 to aid Haiti earthquake victims. You claimed an itemized deduction for that gift on your 2009 federal return.
4. You elected to exclude discharge of indebtedness (DOI) income from the reacquisition of a business debt instrument on your 2009 federal return.
5. You excluded original issue discount (OID) on a debt instrument described in number 4 above from income on your 2009 federal return.

If any of items 1 through 5 above apply to you, you must correct your 2009 Arizona return.

To get Form 140X-NC or for more news on this topic, visit our web site at [www.azdor.gov](http://www.azdor.gov).