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# 2011 CORPORATE INCOME TAX HIGHLIGHTS

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**EMANCIPATION DAY AFFECTS APRIL 15 DUE DATE IN 2012** - Because Monday, April 16 is Emancipation Day, a legal holiday recognized by the IRS, the April 15 due date in Arizona is affected. Returns and payments normally due on Sunday, April 15, 2012, will be considered timely if made by the next business day after Emancipation Day: Tuesday, April 17, 2012.

**ENTERPRISE ZONE CREDIT REPEALED** - Former ARS §§ 43-1074 and 43-1161 are repealed effective June 30, 2011. Taxpayers located in an enterprise zone that hired employees before July 1, 2011, may still qualify to claim first year tax credits for tax year 2011. Reporting to the Arizona Commerce Authority (formerly the Arizona Department of Commerce) is required. See Form 304 for details.

**NEW RENEWABLE ENERGY PRODUCTION TAX CREDIT** - The owner of a qualified energy generator in Arizona may qualify for the new renewable energy production tax credit. The credit is limited to \$2 million per generator and \$20 million per calendar year. Approval through the Department of Revenue is required. Visit the Department's website ([www.azdor.gov/TaxCredits.aspx](http://www.azdor.gov/TaxCredits.aspx)) for program guidelines and application forms. See Form 343 for details.

**NEW SOLAR LIQUID FUEL CREDIT FOR INCREASED RESEARCH ACTIVITIES** - A taxpayer that conducts research in Arizona related to solar liquid fuel may qualify for this tax credit. The credit is 40% of allowable expenses. A credit cannot be claimed on both Form 308 and Form 344 for the same research expenses. See Form 344 for details.

**NEW CREDIT FOR NEW EMPLOYMENT** - A taxpayer that makes a capital investment and increases employment in Arizona may qualify for the credit for new employment for qualified employment positions. Approval through the Arizona Commerce Authority is required. Visit the Authority's website ([www.azcommerce.com](http://www.azcommerce.com)) for program guidelines and certification forms. See Form 345 for details.

**RATES CHANGE FOR THE CREDIT FOR INCREASED RESEARCH ACTIVITIES** - In 2008, the Arizona Legislature passed HB 2391, which changed the rates for the credit for increased research activities for tax years 2010 through 2017. For tax years beginning from and after December 31, 2010, through December 31, 2017, the credit will be calculated at 24% of the first \$2.5 million in allowable expenses and 15% of the allowable expenses exceeding \$2.5 million. For tax years prior to December 31, 2009, the rates were 20% and 11%, respectively. The pre-2010 percentages will return for taxable years beginning from and after December 31, 2017. See Form 308 for details.

**PAYROLL SERVICE COMPANIES THAT DO NOT FILE ELECTRONICALLY AND MAKE PAYMENTS ELECTRONICALLY ARE SUBJECT TO PENALTY** - Payroll service companies are required to file returns electronically and make payments electronically on behalf of their clients. Failing to do so will result in a penalty of \$25 for each return not filed electronically and a penalty of \$25 for each payment not made electronically, unless the failure is due to reasonable cause. For more information on this topic, visit the Department's Payroll Service Provider's web page, under E-services, from the Department's web site: [www.azdor.gov](http://www.azdor.gov).

**EFT PENALTY** - In accordance with ARS § 42-1125(O), taxpayers required to make corporate estimated payments or employers required to make withholding payments via electronic funds transfer (EFT) that fail to do so will be subject to a penalty of 5% of the payment not made by EFT. Employers and taxpayers required to make payments by EFT are:

- (1) An employer whose average Arizona quarterly withholding liability during the prior calendar year was twenty thousand dollars or more.
- (2) A corporate taxpayer whose corporate income tax liability during the prior tax year was twenty thousand dollars or more.
- (3) A TPT/Use taxpayer whose annual tax liability during the prior calendar year was one million dollars or more.