

2014 Individual Income Tax Forms take on a new look

With the exception of Arizona Form 140EZ, the department reformatted the Arizona individual income tax forms to make the forms easier to follow. For example, there is no longer a need to go to separate schedules for the additions and subtractions.

New Continuation Sheet for Dependent and Qualifying Parent and Grandparent Information

To claim an exemption for children, other dependents and/or qualifying parents and grandparents, you are required to provide dependent and qualified parent and grandparent information on page 1 of the return. If more space is needed to list dependents or qualifying parents and grandparents taxpayers are required to (a) check a box; and (b) complete and include page 3 of the form, *Dependent Information – Continuation Sheet*, with the return when filed.

With a Few Exceptions, Arizona Form 301 Must be Filed When Claiming Income Tax Credits

Beginning 2014, every individual taxpayer who claims a tax credit must also complete Arizona Form 301, *Nonrefundable Individual Tax Credits and Recapture*, and include it and the applicable credit form(s) with the tax return when filed.

You do not have to file Form 301 when the only credits being claimed are any of the following:

- Family Tax Credit (from worksheet provided in the income tax form instructions);
- Excise Tax Credit (Arizona Form 140ET or worksheet);
- The Property Tax Credit (Arizona Form 140PTC);
- 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).

Do Not Staple

To reduce time to process returns, the department is asking taxpayers **not** to staple the tax return before mailing. Also, do **not** staple any required documents, schedules and payment(s) to the return. Include these additional items behind the return. Stapling (or using any other method to attach) may cause a delay in processing your return.

2014 Arizona Standard Deduction Indexed for Inflation

The Arizona standard deduction was indexed for inflation, for 2014. For a single taxpayer or a married taxpayer filing a separate return the amount is \$5,009. For a head of household or a married couple filing a joint return the amount is \$10,010.

New Subtraction for Net Capital Gain from Investment in Qualified Small Business

Beginning 2014, you are allowed to subtract the amount of any net capital gain included in federal adjusted gross income for the taxable year derived from investment in a qualified small business as determined by the Arizona Commerce Authority.

The portion of Net Long-Term Capital Gain from Assets acquired after December 31, 2011 that may be subtracted increased for 2014

The portion that may be subtracted has increased for taxable year 2014. The subtraction is equal to 20% of the net long-term capital gain from assets acquired after December 31, 2011 and included in federal adjusted gross income.

New Subtraction for Arizona Bonus Depreciation Adjustment for assets placed in service in taxable years beginning from and after December 31, 2012

The Arizona bonus depreciation is 10% of the amount of bonus depreciation claimed on the federal income tax return. For an asset placed in service during taxable year 2013, a taxpayer that claimed bonus depreciation for the asset on the 2013 federal income tax return, may elect to claim Arizona bonus depreciation for that asset on the 2014 Arizona income tax return. This election is made by taking a subtraction, on the 2014 Arizona income tax return. For more information, see the department's procedure ITP 14-3, *Procedure for Individuals who Claim Federal and/or Arizona Bonus Depreciation*.

Claiming the Enterprise Zone Credit (Arizona Form 304)

The laws providing for the enterprise zone credit were repealed effective from and after June 30, 2011. Form 304 is now only available for claiming credits carried forward from prior years.

Credit for Contributions to Private School Tuition Organizations Indexed for Inflation (Arizona Form 323)

For 2014, the amount of the allowable credit for contributions to private school tuition organizations was adjusted for inflation purposes. The maximum credit for single taxpayers or heads of household is \$528. For married taxpayers that file a joint return, the maximum credit is \$1,056.

Credit for Contributions Made to Certified School Tuition Organization Indexed for Inflation (Arizona Form 348)

For 2014, the amount of the allowable credit for contributions to certified school tuition organizations was adjusted for inflation purposes. The maximum credit for single taxpayers or heads of household is \$525. For married taxpayers that file a joint return, the maximum credit is \$1,050.

New Credit for Investment in Qualified Small Business (Arizona Form 338)

Recent Arizona legislation extended the time to claim a credit for Investment in Qualified Small Business. The credit was extended through taxable years ending on or before December 31, 2024. The "Angel Investment" Small Business Capital Investment Incentive Program was established in 2005 to provide tax credits to investors that make investments in qualified small businesses certified by the Arizona Commerce Authority.

New Credit for Renewable Energy Investment and Production for Self-Consumption by Manufactures (Arizona Form 351)

Recent legislation enacted a new nonrefundable corporate and individual tax credit for investment in new renewable energy resources that produce energy for self-consumption using renewable resources if the power will be used primarily for manufacturing.

New Voluntary Gift on the tax return: Sustainable State Parks and Roads Fund

Beginning 2014, you may give some or all of your refund to the Sustainable State Parks and Roads Fund. You may also give more than your entire refund. Gifts that you make to the Sustainable State Parks and Roads Fund will aid the state to operate, maintain and make capital improvements to buildings, roads, parking lots, highway entrances and any related structure used to operate state parks.