

2015 Individual Income Tax Brackets Adjusted for Inflation

For 2015, the individual income tax brackets have been adjusted for inflation.

2015 Arizona Standard Deduction Indexed for Inflation

The Arizona standard deduction was indexed for inflation, for 2015. For a single taxpayer or a married taxpayer filing a separate return the amount is \$5,091. For a head of household or a married couple filing a joint return the amount is \$10,173.

The portion of Net Long-Term Capital Gain from Assets acquired after December 31, 2011 that may be subtracted increased for 2015

The portion that may be subtracted has increased for taxable year 2015. The subtraction is equal to 25% of the net long-term capital gain from assets acquired after December 31, 2011 and included in federal adjusted gross income.

Credit for Increased Excise Taxes

Beginning 2015, a taxpayer who claims a credit for increased excise taxes must have a social security number (SSN) issued by the internal revenue service (IRS) and is valid for employment. If a taxpayer also claims a credit for a spouse and/or qualifying children, the taxpayer's spouse and/or qualifying children must have either a SSN or an individual taxpayer identification number (ITIN) issued by the IRS. For more information, see the department's brochure, Pub. 709.

Credit for Contributions made to a Qualifying Charitable Organization (Arizona Form 321)

Recent legislation expanded the qualifying foster care charitable tax credit portion of this credit to include donations made to a qualifying foster care organization that provides services to persons under 21 years of age in a transitional independent living program.

Credit for Contributions Made or Fees Paid to Public Schools (Arizona Form 322)

The laws providing for a credit for contributions made or fees paid to a public school by a taxpayer or on behalf of a taxpayer has been amended to allow a taxpayer to claim a credit for contributions made or fees paid on or before the fifteenth day of the fourth month following the close of the taxable year on either the current taxable year or the preceding taxable year and is considered to have been made on the last day of that taxable year.

For example, a taxpayer who files a 2015 calendar year end tax return may claim qualifying contributions made or fees paid between January 1, 2016 and April 15, 2016, on either the 2015 or 2016 income tax return.

Recent legislation also expanded the credit to include contributions made or fees paid for the following (1)

support of standardized testing fees for college credit or readiness offered by a certain educational testing organizations, (2) the technical education industry certification assessment, (3) preparation courses, and (4) materials for standardized testing. These types of contributions or fees paid must be made or paid *directly* to the public school to qualify for the credit. If made to the third-party conducting the testing, etc., the amount of contribution or fees paid does not qualify for this credit. For more information, see Form 322.

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

For 2015, 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 \$535. For married taxpayers that file a joint return, the maximum credit is \$1,070.

Credit for Qualified Health Insurance Plans (Arizona Form 347)

The laws providing for the qualified health insurance plans credit were repealed effective from and after December 31, 2014. Form 347 is now available only for claiming unused credits carried forward from prior years.

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

For 2015, the amount of the allowable credit for contributions to a certified school tuition organization was adjusted for inflation purposes. The maximum credit for single taxpayers or heads of household is \$532. For married taxpayers that file a joint return, the maximum credit is \$1,064.

Expanded Credit for Renewable Energy Investment and Production for Self-Consumption by Manufacturers and International Operations Centers (Arizona Form 351)

Recent legislation expanded the 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.

For taxable years beginning from and after December 31, 2014, the credit is allowed if the power is used for an International Operations Center. For more information, see Arizona Form 351.

New Credit for Business Contributions by an S Corporation to School Tuition Organization - Individual (Arizona Form 335-I)

Beginning from and after December 31, 2014, Arizona law allows an individual shareholder to claim a nonrefundable

tax credit for the pro rata amount of qualifying contributions made by an S corporation to a school tuition organization. The amount of the allowable credit is based on individual's ownership interest. The S corporation must make an irrevocable election to pass the credit through to its individual shareholders on Arizona Form 335. For more information see Arizona Forms 335 and 335-I.

New Credit for Business Contributions by an S Corporation to School Tuition Organization for Displaced Students or Students with Disabilities - Individual (Arizona Form 341-I)

Beginning from and after December 31, 2014, Arizona law allows an individual shareholder to claim a nonrefundable tax credit for the pro rata amount of qualifying contributions made by an S corporation to a school tuition organization for Displaced Students or Students with Disabilities. The amount of the allowable credit is based on individual's ownership interest. The S corporation must make an irrevocable election to pass the credit through to its individual shareholders on Arizona Form 341. For more information see Arizona Forms 341 and 341-I.

Voluntary Gifts to the National Guard Relief Fund

Recent legislation repealed the National Guard Relief Fund. Therefore, taxpayers can no longer make a voluntary gift to the National Guard Relief Fund on their income tax return.

Disaster Recovery Tax Relief

Starting January 1, 2015, a qualifying out-of-state business or a qualifying out-of-state employee that is in Arizona on a temporary basis solely for performing disaster recovery from a declared disaster during a disaster period, are exempt from certain Arizona taxes. For more information, see the department's brochure, Pub. 720.