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ARIZONA INDIVIDUAL INCOME TAX RULING ITR 14-3

(Supersedes Arizona Individual Income Tax Ruling ITR 99-1)

This substantive policy statement is advisory only. A substantive policy statement does not include internal procedural documents that only affect the internal procedures of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona administrative procedure act. If you believe that this substantive policy statement does impose additional requirements or penalties on regulated parties you may petition the agency under Arizona Revised Statutes § 41-1033 for a review of the statement.

ISSUE:

What does the term “activities of daily living” mean when determining an Arizona resident taxpayer’s eligibility for the \$10,000 exemption allowed under Arizona Revised Statutes (A.R.S.) § 43-1023(C)?

RULING:

For the purpose of determining an Arizona resident taxpayer’s eligibility for the \$10,000 exemption allowed under A.R.S. § 43-1023(C), the term “activities of daily living” means two or more of the listed categories of activities of daily living. Activities of daily living include both basic activities of daily living and instrumental activities of daily living. The categories of activities of daily living are dressing, eating, ambulating, toileting, medicating, hygiene, shopping, housekeeping, managing personal finances, basic communication, food-preparation and transportation.

DISCUSSION:

A.R.S. § 43-1023(C) provides that an Arizona resident taxpayer may claim a \$10,000 exemption for each of the taxpayer’s parents or grandparents (grandparent includes great grandparents) that meet the requirements set forth in A.R.S. § 43-1023(C).

To claim this exemption, the parent or grandparent must be at least 65 years old during the taxable year and must require assistance with two or more of the specified categories of activities of daily living. The taxpayer must have paid more than one-half of the support and maintenance costs for his or her parent or grandparent. The parent or grandparent must have lived in the taxpayer’s principal residence for the entire taxable year. The fact that the parent or grandparent dies during the taxable year shall not deprive the taxpayer of the

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exemption if the parent or grandparent lived in the taxpayer's principal residence for the entire part of that taxable year prior to his or her death. Temporary absences by the parent or grandparent for special circumstances, such as a hospital stay or care in a hospice facility count as time lived in the taxpayer's principle residence.

The purpose of this ruling is to provide taxpayers with assistance in determining what is meant by the term "activities of daily living". Since the term "activities of daily living" is not statutorily defined, the term "activities of daily living" must be construed according to its commonly accepted meaning.

APPLICABLE LAW:

Arizona Revised Statutes (A.R.S.) § 1-213 provides that words and phrases shall be construed according to the common and approved use of the language, and that technical phrases which have acquired a peculiar and appropriate meaning in the law shall be construed according to such peculiar and appropriate meaning.

A.R.S. § 43-1023(C) provides a resident taxpayer an exemption for each parent or ancestor of a parent that meets certain criteria.

David Raber, Director

Signed: August 1, 2014

Explanatory Notice

The purpose of a tax ruling is to provide interpretive guidance to the general public and to department personnel. A tax ruling is intended to encompass issues of law that are not adequately covered in statute, case law or administrative rules. A tax ruling is a position statement that provides interpretation, detail, or supplementary information concerning application of the law. Relevant statute, case law, or administrative rules, as well as a subsequent ruling, may modify or negate any or all of the provisions of any tax ruling. See GTP 96-1 for more detailed information regarding documents issued by the Department of Revenue.

APPENDIX TO ARIZONA INDIVIDUAL INCOME TAX RULING - ITR 14-3

For more information concerning criteria for qualifying to claim the \$10,000 exemption allowed under A.R.S. § 43-1023(C) see the following income tax procedures:

- ITP 14-1 Procedure for Determining Whether a Taxpayer Provided More than One-half of His or Her Qualifying Parent's or Grandparent's Support During the Taxable Year for the Purpose of the \$10,000 Exemption

- ITP 14-2 Procedure for Determining Whether a Parent or Grandparent Requires Assistance with Activities of Daily Living for the Purpose of the \$10,000 Exemption