

Obtain additional information or assistance by calling one of the numbers listed below:

Phoenix (602) 255-3381
From area codes 520 and 928, toll-free (800) 352-4090

Obtain tax rulings, tax procedures, tax forms and instructions, and other tax information by accessing the department's website at www.azdor.gov.

General Instructions

Use of Form

- **Use Form 120EXT only to apply for an extension of time to file Forms 120, 120A, 120S, 99T, 99, and 165.**
- *Nonprofit medical marijuana dispensary organized or taxed as an S corporation:* File one Form 120EXT to apply for an Arizona extension to file Form 99. File a second Form 120EXT to apply for an Arizona extension of time to file Form 120S. A valid federal extension may be used to file Form 120S, but cannot be used to file Form 99. No extension payment is due.
- *Nonprofit medical marijuana dispensary organized or taxed as a partnership:* File one Form 120EXT to apply for an Arizona extension to file Form 99. File a second Form 120EXT to apply for an Arizona extension of time to file Form 165. A valid federal extension may be used to file Form 165, but cannot be used to file Form 99.
- *Form 120S and Form 165 filers:* Use Form 204 to apply for an extension of time to file a composite return for nonresident individual shareholders or nonresident individual partners on Form 140NR.
- The department may grant an automatic Arizona extension if: (a) the taxpayer pays at least 90% of the tax liability by the original due date of the return, and (b) Form 120EXT is postmarked or received by the original due date of the return. The extension application will be denied if the extension application is postmarked after the original due date of the return. A copy of Form 120EXT will be returned to the taxpayer only if the extension application is denied.

NOTE: *The automatic extension for partnerships filing Form 165 is five months. Refer to Arizona Partnership Tax Ruling PTR 09-1.*

- The taxpayer must use Form 120EXT to remit an extension payment via check or money order, whether the taxpayer uses a valid federal extension or requests an Arizona extension. Internet payments can be made by electronic check or credit card at www.AZTaxes.gov and do not require the filing of this form, unless the taxpayer is requesting an Arizona extension.
- Form 120EXT or a valid federal extension provides an extension of time to file, but does not provide an extension of time to pay.

Acceptance of Federal Extension

Generally, the taxpayer can use a valid federal extension rather than applying for an Arizona extension. The taxpayer must pay at least 90% of the tax liability by the original due date of the return. Refer to the instructions for line 1 (extension payment computation) for further information on the payment amount. A taxpayer that uses a federal extension of time to file must use Form 120EXT to remit an extension payment via check or money order. Mail Form 120EXT and the extension payment to the payment address shown on the form.

NOTE: *Federal extensions are valid for a period of time (i.e. three, five or six months) and extend an original Arizona due date by the same period of time. In some cases, the Arizona extended due date will take place after the federal extended due date.*

Tax Return Original Due Dates

Form 99:

15th day of **fifth** month following close of taxable year.

Form 99T:

15th day of **fifth** month following close of taxable year.

Form 120:

15th day of **fourth** month following close of taxable year.

Form 120A:

15th day of **fourth** month following close of taxable year.

Form 120S:

15th day of **third** month following close of taxable year.

Form 165:

15th day of **fourth** month following close of taxable year.

Penalties and Interest

A. Late Filing Penalty. A return filed after the original due date is subject to the late filing penalty unless the taxpayer has a valid federal or Arizona extension. A return filed after its extended due date is also subject to the late filing penalty. The late filing penalty is 4.5% (.045) of the amount of tax required to be shown on the return. "Amount of tax required to be shown on the return" is the amount of tax imposed less the amount of any part of the tax paid on or before the beginning of the month and the amount of any credit against the tax which may be claimed on the return. The penalty period is each month or fraction of a month between the due date of the return and the date the taxpayer filed the return. The maximum penalty is 25% of the tax found to be remaining due.

B. Extension Underpayment Penalty. The taxpayer must pay at least 90% of the tax liability disclosed by its return on or before the original due date of the return. The department imposes the extension underpayment penalty on any late or underpaid extension payments. The extension underpayment penalty is 0.5% (.005) of the tax not paid. The penalty period is each 30 day period or fraction thereof between the original due date of the return and the date the taxpayer paid the tax. The maximum penalty is 25% of the unpaid tax. Taxpayers subject to

the extension underpayment penalty are not subject to the late payment penalty prescribed under Arizona Revised Statutes § 42-1125(D).

C. Late Payment Penalty. The department imposes the late payment penalty on any amount shown as tax on a return that is not paid by the date prescribed for its payment. "Amount of tax shown on the return" is the amount of tax imposed shown on the return less the amount of any part of the tax paid on or before the beginning of the month and the amount of any credit against the tax which may be claimed on the return. The late payment penalty is 0.5% (.005) of the unpaid tax for each month or fraction of a month that the tax remains unpaid, not to exceed 10% of the unpaid tax.

NOTE: *If more than one of the penalties described in A, B, or C apply, the maximum combined penalty is 25%.*

Refer to Arizona Corporate Income Tax Ruling CTR 09-1 regarding the application of penalties to returns filed under extension.

D. Information Return Penalty. An information return that is incomplete or filed after its due date (including extensions) is subject to a \$100 penalty for each month, or fraction of a month, that the failure continues, up to a maximum penalty of \$500. This applies to Form 99 and Form 165. It also applies to Form 120S when no tax liability is due.

E. Interest. The department assesses interest on any portion of the tax, whether determined by the department or the taxpayer, not paid by the date prescribed for its payment. The department applies interest, compounded annually, in the same manner and at the same times as prescribed by Internal Revenue Code (IRC) § 6621 with the following exception.
Exception: The Arizona rate of interest for both underpayments and overpayments *for all taxpayers* is the federal underpayment rate under IRC § 6621(a)(2) [the federal short-term rate, determined pursuant to IRC § 6621(b), plus three percentage points].

On January 1 of each year, the department adds any interest outstanding as of that date to the principal amount of the tax. It is then a part of the principal amount of the tax and accrues interest until paid.

Rounding Dollar Amounts

Taxpayers must round amounts to the nearest whole dollar. If 50 cents or more, round up to the next dollar. If less than 50 cents, round down.

Specific Instructions

Type or print the required information in the name, address, and information boxes on the top of Form 120EXT. If the taxpayer has a foreign address, enter the information in the following order: city, province or state, and country. Follow the country's practice for entering the postal code. **Do not abbreviate the country's name.** Indicate whether the taxable year is a calendar year or a fiscal year; if a fiscal year, indicate the taxable year on the top of the form.

All returns, statements, and other documents filed with the department require the corporation's employer identification number (taxpayer identification number or TIN). Taxpayers that fail to include their TIN may be subject to a penalty.

Extension Payment Computation (Form 99T, 120, 120A, and 120S filers only)

NOTE: *Refer to the tax form and its instructions for information regarding the computation of the tax liability (including the \$50 minimum tax).*

Line 1 -

Form 120 filers: Begin the tax liability computation on page 1, line 16 of the 2015 Form 120. The amount entered on Form 120EXT, line 1, should equal the amount computed for the 2015 Form 120, page 1, line 21, less the amount computed for line 22. Reduce this amount by the claim of right adjustments, if applicable. If the amount is less than zero, enter zero.

Form 120A filers: Begin the tax liability computation on page 1, line 8 of the 2015 Form 120A. The amount entered on Form 120EXT, line 1, should equal the amount computed for the 2015 Form 120A, page 1, line 13, less the amount computed for line 14. Reduce this amount by the claim of right adjustments, if applicable. If the amount is less than zero, enter zero.

Form 120S filers: The S corporation itself is subject to tax (including the \$50 minimum tax) *only* if it has income or (loss) subject to tax at the corporate level on the federal Form 1120-S. Income subject to tax is excess net passive income, capital gains, or certain built-in gains, reported on Form 120S, page 1, lines 2 and 3. Begin the tax liability computation on page 1, line 12 of the 2015 Form 120S. The amount entered on Form 120EXT, line 1, should equal the amount computed for the 2015 Form 120S, page 1, line 17, less the amount computed for line 18. If the amount is less than zero, enter zero.

Form 99T filers: Begin the tax liability computation on page 1, line 6 of the 2015 Form 99T. The amount entered on Form 120EXT, line 1, should equal the amount computed for the 2015 Form 99T, page 1, line 11, less the amount computed for line 12. If the amount is less than zero, enter zero.

Line 4 -

If the extension payment is made electronically, enter the amount here on line 4.

Line 5 -

Form 120, 120A, 120S and 99T filers: The taxpayer must pay at least 90% of its tax liability by the original due date of the return. If the estimated tax payments reported on line 2 are less than 90% of the amount on line 1, the taxpayer must make an extension payment. Payments can be made via check, electronic check, money order, or credit card. Enter the amount of payment enclosed with this extension on line 5.

Check or Money Order

Make checks payable to Arizona Department of Revenue. Include the taxpayer's EIN on the front of the check or money order. Include the check or money order with the extension request.

Internet Payments

Corporate taxpayers must be licensed by the department before they can register to pay taxes online. Visit www.AZTaxes.gov to register and make payments over the Internet.

Electronic payment from checking or savings account

Payments can be made electronically from a checking or savings account. Visit www.AZTaxes.gov and choose the e-check option. There is no fee to use this method. This payment method will debit the amount from the specified checking or savings account on the date specified. If an electronic payment is made from a checking or savings account, a confirmation number will be generated. Please keep this confirmation number as proof of payment.

Credit card payment

Payments can be made via American Express, Discover, MasterCard or VISA credit cards. Visit www.AZTaxes.gov and choose the credit card option. This will take you to the website of the credit card payment service provider. The service provider will charge a convenience fee based on the amount of the tax payment. The service provider will disclose the amount of the convenience fee during the transaction and the option to continue or cancel the transaction will be presented. If you accept the convenience fee and complete the credit card transaction, a confirmation number will be generated. Please keep this confirmation number as proof of payment.

Who May Sign Form 120EXT

The person authorized to sign Form 120EXT may be:

- a duly authorized agent holding a power of attorney;
- a principal officer of the organization for Form 99 and Form 99T filers;
- a principal officer of the corporation for Form 120, 120A, and 120S filers; and
- a general partner authorized to file the partnership return for Form 165 filers.

Mailing Arizona Extension Requests

If you are including a payment with the Arizona extension request, mail the request and payment to:

Arizona Department of Revenue
PO Box 29085
Phoenix, AZ 85038-9085

If you are mailing the request without including a payment (because no payment is due or the payment was made electronically), mail the request to:

Arizona Department of Revenue
PO Box 29079
Phoenix, AZ 85038-9079

The extension request must be postmarked by the original due date of the return. Mark "Extension Request" on the envelope. No copy will be returned to the taxpayer unless the request is denied. Keep a copy of Form 120EXT for the taxpayer's records.