

## Items of Interest for 2009

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### **2009 Standard Deduction Indexed for Inflation.**

For 2009, the standard deduction for a single taxpayer or a married taxpayer filing a separate return has increased from \$4,521 to \$4,677. The standard deduction for a head of household or a married couple filing a joint return has increased from \$9,042 to \$9,354.

### **Dollar Limit of Clean Elections Fund Tax Credit Increased.**

The Secretary of State adjusted the various Clean Elections Act dollar amounts. The maximum allowable amount for purposes of the Clean Elections Fund Tax Credit is now 20% of the tax liability or \$640 (\$1,280 for married couples filing jointly) whichever is greater.

### **Late Payment Penalty No Longer Applied with Extension Penalty.**

The late payment penalty imposed under Arizona Revised Statutes (A.R.S.) § 42-1125.D will no longer be imposed when the extension underpayment penalty is applied.

### **Direct Deposit of Refund No Longer Available If the Deposit Will Ultimately Be Put into a Foreign Account.**

A taxpayer may no longer request a direct deposit of a refund if the refund will ultimately be placed in a foreign account. If the refund will ultimately be placed in a foreign account, we will send the taxpayer a check instead.

### **Change to Public School Tax Credit (Form 322).**

Employees may now be able to make credit eligible contributions to a public school through payroll withholding. A taxpayer should check with his or her employer to see if the employer has agreed to withhold contributions that qualify for this tax credit.

### **Change to Private School Tuition Tax Credit (Form 323).**

Employees may now be able to make credit eligible contributions to a school tuition organization through payroll withholding. A taxpayer should check with his or her employer to see if the employer has agreed to withhold contributions that qualify for this tax credit.

### **Changes to Tax Credit for Contributions to Charities That Provide Assistance to the Working Poor (Form 321).**

#### **1. The Baseline Year for Taxpayers Claiming the Credit is Eliminated.**

For taxable years 2009 and later, the baseline year requirement has been eliminated. This will simplify the credit calculation.

#### **2. Taxpayers Must Claim Itemized Deductions to Claim the Credit.**

To claim the credit for taxable years 2009 and later, a taxpayer must now take itemize deductions on the return filed for the year in which the taxpayer is claiming the credit.

### **3. Employees May Now Be Able to Make Credit Eligible Contributions Through Payroll Withholding.**

A taxpayer may now be able to make credit eligible contributions to a qualified charity through payroll withholding. A taxpayer should check with his or her employer to see if the employer has agreed to withhold contributions that qualify for this tax credit.

### **4. More Charities Now Eligible to Participate.**

For the purpose of the credit for contributions to charities that provide assistance to the working poor, the definition of the term “qualifying charitable organization” has been expanded to include organizations that provide qualifying services to chronically ill or physically disabled children who are Arizona residents. As long as the organization meets all the other requirements, the chronically ill or physically disabled children do not have to be members of low income families. For more information, see A.R.S. § 43-1088 as amended by Laws 2009, Ch.80.

### **5. All Previously Certified Charities Had to Recertify During 2009.**

Effective January 1, 2010, the department has revised its list of qualifying charities. During 2009, all previously certified charities were required to recertify. If a previously certified charity no longer qualifies, the department has removed it from our published list of qualifying charities. If you want to make credit eligible contributions during 2010, check to see if your charity is still on the list. Visit [www.azdor.gov](http://www.azdor.gov) to view the updated list.

### **Arizona Filing Extension for Form 141AZ Reduced from 6 Months to 5 Months.**

Arizona will no longer allow a six-month filing extension for Form 141AZ filers. For taxable years beginning on or after January 1, 2009 (returns due on or after April 15, 2010), the extended filing period allowed for estates and trusts filing Arizona Form 141AZ is reduced from six months to five months. For more information, see the department’s fiduciary income tax ruling FTR 09-01.

### **New Withholding Tables Applicable to Wages Paid on or after July 1, 2010.**

For wages paid on or after July 1, 2010, the amount of Arizona tax withheld from an employee’s wages will no longer be a percentage of the federal withholding. The amount required to be withheld will be based on new withholding tables. The department will make the new withholding tables available sometime in the late spring of 2010.