

2021 Arizona Nonprofit Medical Marijuana Dispensary Annual Information Return

Arizona Form 99M

For information or help, call one of the numbers listed:

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

Tax forms, instructions, and other tax information

If you need tax forms, instructions, and other tax information, go to the department's website at www.azdor.gov.

Income Tax Procedures and Rulings

These instructions may refer to the department's income tax procedures and rulings for more information. To view or print these, go to our website and select *Reports & Legal Research* from the main menu, then click on *Legal Research* and select a Document Type and a Category from the drop down menus.

Publications

To view or print the department's publications, go to our website, select *Reports & Legal Research* from the main menu, and click on *Publications* in the left hand column.

General Instructions

Nonprofit Medical Marijuana Dispensary

A nonprofit medical marijuana dispensary (NMMD) is exempt from Arizona income tax [see A.R.S. § 43-1201(B)].

Organizations That Must File Arizona Form 99M

All entities registered by the Arizona Department of Health Services (ADHS) as an NMMD must file an Arizona Nonprofit Medical Marijuana Dispensary Annual Information Return, Arizona Form 99M. In addition, certain specified marijuana establishments are required to file Arizona Form 99M. For information, refer to the section below labeled, "Marijuana Establishments".

NMMDs

- C Corporations registered by ADHS as an NMMD must file Arizona Form 99M.
- A Limited Liability Company (LLC) registered as an NMMD that is treated as a disregarded entity for federal income tax purposes must file Arizona Form 99M.
- S Corporations and partnerships registered as an NMMD must file Form 99M. In addition, the S Corporation or partnership must also file their respective Arizona income tax return (Arizona Form 120S – S Corporations; or Arizona Form 165 – partnerships).
- Sole proprietors registered as an NMMD must file Form 99M. In addition, they must also file their respective Arizona individual income tax return (Arizona Form 140, Arizona Form 140PY, or Arizona Form 140NR).

Marijuana Establishments

- C Corporations licensed by ADHS as a Dual Licensee that *did not make the election to operate on a for-profit basis* must file Arizona Form 99M to report the income and expenses attributable to its operations as an NMMD. The C Corporation must also file Arizona Form 120 or Arizona Form 120A to report the income and expenses attributable to its operations as a Dual Licensee.
- S Corporations and partnerships licensed by ADHS as a Dual Licensee that *did not make the election to operate on a for-profit basis* must file Arizona Form 99M to report the income and expenses attributable to the operations of the NMMD.

The S Corporation or partnership must also file its respective Arizona income tax return, Arizona Form 120S or Arizona Form 165. When filing their respective Arizona Form 120S or Arizona Form 165, the S Corporation or partnership reports the income and expenses from its operations as both an NMMD and as a Dual Licensee.

- A sole proprietor licensed by ADHS as a Dual Licensee that *did not make the election to operate on a for-profit basis* must file Arizona Form 99M to report the income and expenses attributable to the operations of the NMMD. The sole proprietor must also file its respective Arizona individual income tax return. When filing their respective Arizona individual income tax return, the sole proprietor reports the income and expenses from its operations as both an NMMD and as a Dual Licensee.

Determination of Gross Receipts

"Gross receipts" means the total amount the organization received from all sources during its annual tax year without subtracting any costs or expenses. Total income (Arizona Form 99M, line 8), plus cost of goods sold (Arizona Form 99M, line 2), plus any other expenses deducted to arrive at the income on lines 9 through 15 would equal the organization's gross receipts for the tax year.

Taxable Year Covered by Return

File the 2021 Arizona Form 99M for calendar year 2021 and for fiscal years that begin in 2021 and end in 2022. Indicate whether the taxable year is a calendar year or a fiscal year. If the return is for a fiscal year, indicate the beginning and ending dates for the year in the space(s) provided at the top of page 1.

The 2021 Arizona Form 99M can also be used if the NMMD has a tax year of less than 12 months that begins and ends in 2022 and the 2022 Arizona Form 99M is not available at the time the NMMD is required to file its return. The NMMD must show its 2022 year on the 2021 Arizona Form 99M and take into account any tax law changes that are effective for tax years beginning after December 31, 2021.

Extension of Time to File a Return

- The organization can apply for an Arizona extension by filing a completed Arizona Form 120EXT by the original due date of the return. The department grants an Arizona extension for filing Arizona Form 99M for a period of 7 months.
- The NMMD cannot use a federal extension to extend the due date of its return. **The NMMD must request an Arizona extension on Arizona Form 120EXT.**
- Mail Arizona Form 120EXT to the address indicated on the form.

Filing Original Returns

- The due date to file Arizona Form 99M is the 15th day of the fifth month after the close of the taxable year.
- Be sure to check the box indicating the NMMD is filing an original return.
- If the organization has a valid Arizona filing extension, file the return by the extended due date. If the return is filed under extension, check box 82F on page 1 of the return.
- Mail the return to the address indicated on the form.

Timely filing of returns

- The department determines the timeliness of a tax return by the postmark or other official mark of the United States Mail

stamped on the envelope in which the return is mailed. See the department’s ruling, GTR 16-1, *Timely Filing of Income or Withholding Tax Returns Through the United States Mail*.

- The department will accept proof of mailing from a private delivery service included in the Internal Revenue Service (IRS) list of designated private delivery services. Contact the private delivery service for information regarding how to obtain written proof of mailing.
- If the due date for the return falls on a Saturday, Sunday, or a legal holiday, the return is considered timely filed if it is post-marked the next business day. See the department’s ruling, GTR 16-2, *Timely Filing of Income or Withholding Tax Return – Holidays and Weekends*.

Filing Amended Returns

- File amended returns within four years of filing the original return.
- Do not file an amended return until the original return has been processed.
- Be sure to check the box indicating the NMMD is filing an amended return.
- Include a statement with the amended return that explains why the NMMD amended its Arizona return.
- Mail the return to the address indicated on the return.

Penalty

This form is an information return. The penalty for failing to file, filing late (including extensions), or filing an incomplete information return is \$100 for each month or fraction of a month that the failure continues, up to a maximum penalty of \$500.

Specific Instructions

Type or print the required information in the name, address, and information boxes at the top of page 1. 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 return. Indicate whether this return is an original or an amended return.

Enter the Tax Identification Number (TIN) of the NMMD. If the NMMD is a sole proprietorship, enter the social security number (SSN) of the owner. If the NMMD is an organization (corporation, S Corporation, partnership, or LLC), enter Employer Identification Number (EIN) of the organization. Taxpayers that fail to include their TIN may be subject to a penalty.

Box 68

- Check box “A”, “This is a first return”, if this is the taxpayer’s first return filed to Arizona.
- Check box “B”, “Name change”, if the taxpayer changed its name during the tax year.
- Check box “C”, “Address change”, if the taxpayer changed its address during the tax year.

Box 82F

- Check box 82F if this return is filed under an extension.

Line A

Enter the date Arizona operations began.

Line B

Enter the NMMD Registry Identification Number.

Line C

Check the box to indicate the entity type of the NMMD:

1. Corporation
2. Limited Liability Company (LLC)
3. Partnership
4. S Corporation
5. Sole Proprietorship

Line D

If the NMMD is an LLC, check the box to indicate its federal tax classification:

1. Corporation
2. Disregarded Entity
3. Partnership
4. S Corporation

NOTE: *If the NMMD is an LLC, a partnership, or an S Corporation, include a schedule that indicates the following ownership information: Name, Address, TIN, and Ownership percentage at the end of the tax year.*

Line E

Check the box to indicate the federal form filed by the NMMD:

1. Federal Form 1040
2. Federal Form 1041
3. Federal Form 1065
4. Federal Form 1120
5. Federal Form 1120-S
6. Other (specify)

Line F

Enter the TPT License Number(s) for the NMMD facilities.

Sources of Income

Lines 1 and 4 through 7

Enter all sources of income received during the taxable year.

Line 2

Enter the cost of goods sold. The following types of expenses that are included in figuring the cost of goods sold include:

- The cost of products or raw materials, including freight
- Storage
- Direct labor cost
- Factory overhead – the cost incurred directly during the manufacturing process, not including the cost of direct labor and direct materials

Include an itemized statement detailing the costs of good sold with your return.

Line 3

Subtract line 2 from line 1. Enter the result.

Line 8

Add lines 3 through 7. Enter the total.

Expenses

Lines 9 through 15

Enter all expenses incurred during the taxable year.

Line 16

Add lines 9 through 15. Enter the total.

Net Revenue (Loss)

Line 17

Subtract line 16 from line 8. Enter the total.

Penalty

Line 18

This form is an information return. An information return that is incomplete or filed after its due date (including extensions) is subject to a penalty of \$100 for each month or fraction of a month, that the failure continues, up to a maximum penalty of \$500.

If the NMMD files this return after its due date (including extensions), enter the penalty due on this line. Payments can be made via check or money order.

Make checks payable to Arizona Department of Revenue. Include the NMMD's TIN on the front of the check or money order. Include the check or money order with the return.

Balance Sheet

Enter the beginning of the year amounts in columns (a) and (b). Enter the end of the year amounts in columns (c) and (d).

Assets**Lines 19, 22, 23, 26, and 27**

Enter your beginning of the year asset amounts in column (b). Enter your end of year asset amounts in column (d).

Line 20

Enter your beginning of the year accounts receivable in column (a). Enter your end of the year accounts receivable in column (c).

Line 21

Enter the amount of your beginning of the year allowance for doubtful accounts in column (a). Enter the amount of your end of the year allowance for doubtful accounts in column (c).

Subtract line 21, column (a) from line 20, column (a). Enter the difference on line 21, column (b).

Line 24

Enter your investment in buildings and other depreciable assets as of the beginning of the year in column (a). Enter your investment in buildings and other depreciable assets as of the end of the year in column (c).

Line 25

Enter the beginning of the year accumulated depreciation in column (a). Enter the end of the year accumulated depreciation in column (c).

Subtract line 25, column (a) from line 24, column (a). Enter the difference on line 25, column (b).

Line 28

Add lines 19 through 27 of columns (b) and (d). Enter the totals in the corresponding columns.

Liabilities**Lines 29 through 31**

Enter your beginning of the year amounts in column (b). Enter your end of the year amounts in column (d).

Line 32

Add lines 29 through 31 of columns (b) and (d). Enter the totals in the corresponding columns.

Equity**Lines 33 through 35**

Enter your beginning of the year equity amounts in column (b). Enter your end of year amounts in column (d).

Line 36

Add lines 33 through 35 in columns (b) and (d). Enter the totals in the corresponding columns.

Total Liabilities and Equity**Line 37**

Add lines 32 and 36 in columns (b) and (d). Enter the totals in the corresponding columns.

Who May Sign Form 99M

The following persons are authorized to sign the return for each type of business entity.

- **Sole proprietorship** - The individual who owns the business.
- **Corporation (including a limited liability company (LLC) treated as a corporation)** - The president, vice president, or other principal officer duly authorized to sign.
- **Partnership (including an LLC treated as a partnership) or unincorporated organization** - A responsible and duly authorized member, partner, or officer having knowledge of its affairs.
- **Single member LLC treated as a disregarded entity for federal income tax purposes** - The owner of the LLC or a principal officer duly authorized to sign.
- **Trust or estate** - The fiduciary.

Arizona Form 99M may be signed by a duly authorized agent of the taxpayer if a valid power of attorney has been filed.

Paid Preparer Use Only

Paid preparers: Sign and date the return. Complete the firm name and address lines (the paid preparer's name and address, if self-employed).

Paid preparers must provide a Tax Identification Number (TIN). Paid preparers who fail to include their TIN may be subject to a penalty.

The TIN for a paid preparer may be one of the following:

- The preparer's PTIN,
- The EIN for the business,
- The individual preparer's social security number (SSN), if self-employed.