

# 2011 Credit for Water Conservation Systems

# Arizona Form 339

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## Phone Numbers

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If you have questions, please call one of the following numbers:

Phoenix	(602) 255-3381
From area codes 520 & 928, toll-free	(800) 352-4090
Hearing impaired TDD user:	
Phoenix	(602) 542-4021
From area codes 520 & 928, toll-free	(800) 397-0256

You may also visit our web site at [www.azdor.gov](http://www.azdor.gov).

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## General Instructions

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For taxable years beginning from and after December 31, 2006, and ending before January 1, 2012, Arizona law provides a credit for an individual who installs a water conservation system in his or her residence located in Arizona.

To be eligible for this credit, you must be an Arizona resident who is not a dependent of another taxpayer. This credit is available to individuals only.

To claim this credit, you must have received a credit certification from the Arizona Department of Revenue (Department) that indicates you are entitled to claim the credit and the amount of credit that you are eligible to claim. You must attach a copy of the Credit Certification to your tax return.

If the allowable tax credit is more than your tax or if you have no tax, you may carry the unused credit forward for up to the next 5 consecutive tax years.

***NOTE:** For calendar year filers, tax year 2011 is the last year to establish a new credit for a water conservation system. Carryovers will be allowed for no more than five taxable years. Fiscal year filers, with an ending date after December 31, 2011, cannot establish a new credit.*

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## How to Apply for a Credit Certification

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To claim this credit, you must make an application to the Department on the Department's form titled *Application for Individual Income Tax Credit for Installation of a Water Conservation System*. To obtain an application form, or for more information about the credit, visit our web site at [www.azdor.gov](http://www.azdor.gov).

You may make an application only after the actual purchase and installation of the system. You must attach a copy of the receipt for the purchase and installation of the system. The receipt must show the date of the installation. The department may verify that a water conservation system has been installed in your residence.

After reviewing your application, the department will determine whether you are eligible for the credit. If you are eligible for the credit, the department will send you a credit certification that will indicate the amount of credit you may claim. You must attach a copy of the credit certification to your individual income tax return when you file.

The credit for installing a water conservation system is 25% of the cost of the system, or \$1,000. If you install another system in a later year, the cumulative credit cannot exceed \$1,000 for the same residence.

The department must certify the amount for all water conservation system credits allowable for the calendar year. The maximum amount of water conservation system credits that the department can certify in a calendar year is \$250,000. Credits will be granted on a first come, first served basis. If an application is received that, if authorized, would require the department to exceed \$250,000, the department will grant that applicant only the remaining credit amount that would not exceed the \$250,000 limit.

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## What is a Water Conservation System?

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A water conservation system is a system or series of components or mechanisms that are designed to provide for the collection of rainwater or residential graywater. A water conservation system includes a system that is capable of storing rainwater or residential graywater for future use and reusing the collected water for the same residential property. To qualify for the credit, a residential graywater system and its installation must comply with rules adopted by the Arizona Department of Environmental Quality that relate to the recovery and disposal of graywater.

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## Line-by-Line Instructions

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Enter the name(s) and taxpayer SSN(s) as shown on Form 140, 140PY, 140NR or 140X. Fiscal year basis taxpayers must indicate the period covered by the taxable year. Attach the completed form to the tax return.

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## Part I - Credit

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### Line 1 -

Enter the amount of credit shown for the taxable year on the Arizona Department of Revenue Credit Certification form. You must attach a copy of the Credit Certification form to Form 339 when you file.

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## Part II - Available Credit Carryover

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### Lines 2 through 7 -

Use Part II to figure your total available credit carryover. Complete lines 2 through 7 if you claimed the credit on a prior year return and the credit was more than your tax.

- In column (b), enter the credit originally computed for the taxable year listed in column (a).
- In column (c), enter the amount of the credit from that taxable year which you have already used.
- Subtract the amount in column (c) from the amount in column (b) and enter the difference in column (d).
- Add the amounts on lines 2 through 6 in column (d).

Enter the total on line 7, column (d).

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## Part III - Total Available Credit

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### Line 8 - Current Year's Credit

Enter the amount from Part I, line 1.

### Line 9 - Available Credit Carryover

Enter the amount from Part II, line 7, column (d).

### Line 10 - Total Available Credit

Add the amounts on line 8 and line 9. Enter the total here and on Form 301, Part I, line 23.