

2015 Form 140 Schedule A Itemized Deduction Adjustments

For Full-Year Residents Only

You may itemize on your Arizona return, even if you do not itemize on your federal return. In order to itemize on your Arizona return, you must first complete a federal Schedule A. Use Arizona Form 140, Schedule A, *Itemized Deduction Adjustments*, to adjust the amount shown on the federal Schedule A. Complete Form 140, Schedule A, **only** if you are making changes to the amount shown on the federal Schedule A. You must include the federal Form 1040, Schedule A, with this form.

You must complete Form 140, Schedule A, only if any of the following items apply to you:

1. You are deducting medical and dental expenses.
2. You are claiming a federal credit (from federal Form 8396) for interest paid on mortgage credit certificates.
3. You are deducting gambling losses while taking a subtraction for Arizona lottery winnings.
4. Your deductions claimed on the federal Schedule A include expenses related to income not subject to Arizona tax.
5. You are claiming an Arizona credit for any amount allowed as a charitable contribution.

If any of the above items apply to you, complete federal Form 1040, Schedule A, and then complete Arizona Form 140, Schedule A, as instructed below.

Do not complete Form 140, Schedule A, if the above items do not apply to you.

If you do not have to complete Form 140, Schedule A, enter the amount from federal Form 1040, Schedule A, on Arizona Form 140, page 2, line 43.

Line-by-Line Instructions

Lines 1 through 6 - Medical and Dental Expenses

*Skip lines 1 through 6 if you are **not** deducting medical and dental expenses.*

In most cases, the deduction allowed on the Arizona return will be larger than the deduction allowed on the federal return. On your Arizona return, you do not have to reduce your medical expenses by a percentage of your federal adjusted gross income.

In most cases, you may deduct more medical expenses on your Arizona return than you can deduct on your federal return. Complete lines 1 through 6 to deduct those expenses that were less than 10% (7.5% for age 65 and over) of your federal adjusted gross income.

Also, complete lines 1 through 6 if you had an Arizona Long-Term Health Care Savings Account (AZLTHSA).

Line 1 -

Enter the total of your medical and dental expenses. Do not include any expenses that were paid by insurance or other sources.

Do not reduce the amount you enter on line 1 by amounts paid from an AZLTHSA.

Do not include the following amounts you paid through an employer-sponsored health insurance plan (cafeteria plan) unless your employer included the amounts in Box 1 of your Form W-2.

- Insurance premiums you paid through the plan.
- Other medical and dental expenses paid by the plan.

If you are self-employed, do not include any amount that you paid for health insurance that you deducted in computing your federal adjusted gross income.

For details about what types of expenses you may deduct, see federal Form 1040, Schedule A.

Line 2-

Enter any amount of medical and dental expenses included on line 1 that were paid from your AZLTHSA.

Lines 3 through 6 -

Complete lines 3 through 6 as instructed on the form.

Line 7 - Interest Paid on Mortgage Credit Certificates

*Skip line 7 if you are **not** claiming a federal credit for interest paid on mortgage credit certificates on your federal return.*

If you claimed this credit on your federal return (using federal Form 8396), you may deduct the amount of mortgage interest you paid in 2015 that is equal to the amount of that credit. Enter the amount of that interest on line 7.

Lines 8 through 12 - Gambling Losses

*Skip lines 8 through 12 if you are **not** deducting gambling losses.*

You can deduct wagering losses only to the extent of your wagering gains. You must complete lines 8 through 12 if **both** of the following apply:

1. You took a subtraction for Arizona lottery winnings.
2. You are claiming a deduction for gambling losses.

Complete lines 8 through 12 as instructed on the form.

Line 13 - Gifts to Charity

*Skip line 13 if you are **not** claiming an Arizona credit for any amount allowed as a charitable contribution.*

You cannot claim both a deduction and a credit for the same charitable contributions. Enter the amount of charitable contributions for which you are claiming a credit.

For Example: (table continued on page 2)		
If you claimed a credit on AZ Form:	For:	You must make an entry on line 13 if you deducted the amount contributed as an
321	Contributions to Qualifying Charitable Organizations	
322	Contributions Made or Fees Paid to Public Schools	

323	Contributions to Private School Tuition Organization	itemized deduction on federal Form 1040, Schedule A.
331	Donation of School Site	
335-I	Contributions made by an S Corporation to a School Tuition Organization - Individual	
340	Donations to the Military Family Relief Fund	
341-I	Contributions made by an S Corporation to a School Tuition Organization for Displaced Students or Students with Disabilities - Individual	
348	Contributions to Certified School Tuition Organization - Individual	

If you claimed a private school tuition credit on your 2014 return for a contribution that you made during 2015 (see Arizona Forms 323 and 348), you must make this adjustment on your 2015 return, even though you claimed the credit on your 2014 return.

If you are claiming a credit on your 2015 return for a contribution made during 2016 (see Arizona Forms 322, 323 and 348), you must make this adjustment on your 2016 return, even though you are claiming the credit on your 2015 return.

Line 14 – Other Adjustments

You may not deduct any expense that relates to income not subject to Arizona tax. You must complete line 14 if your federal Schedule A includes such expenses. Such expenses include:

1. Interest or other related expenses incurred to purchase or carry U.S. obligations, when the income is not subject to Arizona tax.
2. State taxes paid to other states for prior years if you were not an Arizona resident for that prior year.
3. Employee business expenses that relate to income not subject to Arizona tax.

This list is not complete. There may be other items included in your federal Schedule A that you cannot deduct on the Arizona return.

Enter the amount of expenses deductible on federal Schedule A that are allocable to income that is not subject to Arizona income tax.

Lines 15 through 21 - Adjusted Itemized Deductions

Complete lines 15 through 21 as instructed on the form.