

## Nonresident Personal Income Tax

### 8 Great Reasons to e-File this Form!

- ◆ Faster Refunds: Fast as 7 – 10 Days
- ◆ Filing Confirmation Provided
- ◆ Error/Math Checking Feature
- ◆ File Federal & State Forms Together
- ◆ Direct Debit of Tax Payment
- ◆ Makes Complex Returns Easy
- ◆ If you qualify, it's Free
- ◆ Secure



[www.azdor.gov](http://www.azdor.gov)

#### **Who must use**

#### **Arizona Form 140NR?**

File a Form 140NR if you were not an Arizona resident but earned income from an Arizona source in 2012.

#### **This Booklet Contains:**

- Form 140NR – Nonresident Personal Income Tax Return
- Schedule A(NR) – Itemized Deduction
- Form 204 – Extension Request

#### Where's my Refund?



Check the status of your income tax refund at [www.aztaxes.gov](http://www.aztaxes.gov)

#### Pay your taxes by credit card!

*Easy*

Visa ♦ MasterCard  
Discover Card ♦ American Express  
[www.aztaxes.gov](http://www.aztaxes.gov)

#### **CAUTION**

The federal adjusted gross income that you use on your Arizona return may not be the same as the federal adjusted gross income from your federal tax return. Also, the federal Schedule A deductions used on the Arizona return may be different from the federal Schedule A deductions taken on your federal return.

Each year the Arizona State Legislature considers if they will adopt changes made to the federal tax law during the prior year. These forms assume the

Legislature will adopt all federal law changes made after January 1, 2012. If you use the amounts from your 2012 federal tax return to complete your Arizona return and the Legislature does not adopt the 2012 federal changes, you may have to amend your return at a later date for any difference between Arizona and federal law. For more details, visit [www.azdor.gov](http://www.azdor.gov) and click on the link for 2012 conformity.

# Notice

As a rule, the starting point for your Arizona return is your federal adjusted gross income. To take itemized deductions, you must start with the amount shown on the federal Schedule A. This is the case for 2012, except for changes Congress made to the federal tax code during 2012 and the following apply.

1. The changes affect how you figure your federal adjusted gross income.

**AND/OR**

2. The changes affect how you figure your itemized deductions.

When federal changes are made, Arizona legislature must adopt those changes if the Arizona starting points are to be kept the same. The legislature will address this issue when it is in session during 2013. We must publish these forms before this issue will be addressed by the legislature. When we went to print, Arizona had not yet adopted any federal tax law changes made after January 1, 2012.

**What does this mean to you? It means that if any of the federal law changes made in 2012 apply to your 2012 return, you can opt to file your 2012 return using one of the following methods.**

1. You can wait and file your 2012 return after this issue has been addressed.
  - To do this, you may need to ask for a filing extension. You must pay 90% of the tax due by the due date of the return before any extension.
2. You can file your 2012 return assuming that the federal law changes will be adopted. The 2012 tax forms make this assumption.

**If you opt for method 2, one of the following will apply.**

- If Arizona adopts those changes, you do not have to do anything more.
  - If Arizona does not adopt all those changes, you may need to amend your 2012 Arizona return. Your amended return will have to show the difference between the Arizona law and the federal law. If this happens, we will post more details on our Conformity to IRC webpage. To view this page go to <http://www.azdor.gov> and click on Legal Research on the left side, then click on Conformity to IRC. Generally, no penalties or interest will be assessed on these amended returns, if you follow the Department's instructions and pay any tax due when you file your original 2012 return and you file and pay the required amended return by the extended due date of your 2013 return.
3. You can file your 2012 return assuming that we will not adopt the federal law changes. If you opt for this method, you will have to do the following.
    - You will have to research all of the federal changes made after January 1, 2012.
    - You will have to figure out if any of those changes apply to you.
    - You will have figure out how to make adjustments for those changes on your return.

**If you opt for method 3, one of the following will apply.**

- If Arizona does not adopt those changes, you do not have to do anything more.
- If Arizona adopts those changes, you may need to amend your 2012 Arizona return. Your amended return will have to show the difference between what you reported and what you should have reported. If this happens, we will post more details on our Conformity to IRC webpage. To view this page go to <http://www.azdor.gov> and click on Legal Research on the left side, then click on Conformity to IRC.

# Items of Interest for 2012

---

## 2012 Standard Deduction Indexed for Inflation

For 2012, the standard deduction for a single taxpayer or a married taxpayer filing a separate return has increased from \$4,703 to \$4,833. The standard deduction for a head of household or a married couple filing a joint return has increased from \$9,406 to \$9,665.

## Use Tax No Longer Reported on Income Tax Return

For 2012, taxpayers are no longer required to declare their non-business use tax liability on the individual income tax return. However, individuals are still required by law to report and pay any use tax for goods purchased from an out-of-state vendor that did not collect the use tax. For more information on how to report and pay a use tax liability, see the sheet, titled “*Have You Paid Your Use Tax – What’s That?*” included in this booklet and on our website at [www.azdor.gov](http://www.azdor.gov).

## Subtraction for Contributions to College Savings Plans

The subtraction from Arizona gross income for contributions to college savings plans was made permanent. The subtraction was to expire after tax year 2012.

## Tax Treatment of Income or Loss from a Qualified Nonprofit Medical Marijuana Dispensaries

For taxpayers who are registered as an Arizona sole proprietorship with the Arizona Department of Health Services to operate in Arizona as a nonprofit medical marijuana dispensary, a subtraction is allowed for income from the dispensary that is included in the computation of the taxpayer’s federal adjusted gross income. However, if the dispensary had a loss that is included in the computation of the federal adjusted gross income, the taxpayer must add back the amount of the loss.

## The Citizens Clean Elections Fund Tax Reduction Repealed

The Clean Elections Tax Reduction was repealed effective August 2, 2012. The reduction allowed a taxpayer to designate \$5 (\$10 for married filing joint) of the tax to the Clean Elections Fund, and also reduce the tax amount by \$5 (\$10 for married filing joint).

## Change Made to the Voluntary Refund Check-Off for the Aid to Education Fund

Beginning with 2012, a taxpayer may give some or the entire refund amount to the Aid to Education Fund. In prior years, a taxpayer was required to give 100% of the refund if making a gift.

## Voluntary Refund Check-Off for Clean Elections Fund Repealed

A taxpayer can no longer make a voluntary gift to the Citizens Clean Elections Fund on the tax return.

## Individual Amended Tax Return Now Year Specific

Beginning in 2012, a taxpayer is required to use the amended tax return, *AZ Form 140X*, for the specific year for which the taxpayer is amending.

## Enterprise Zone Credit Repealed

The enterprise zone credit has been repealed effective June 30, 2011. Employment positions filled after June 30, 2011 do not qualify. Certain taxpayers may qualify to claim second and third year tax credits for 2012. Previously established credits may be carried forward for up to 5 consecutive taxable years. For more information, see Form 304.

## Credit for Amount of Contributions to Private School Tuition Organization Indexed for Inflation

For 2012, the amount of the allowable credit for contributions to private school tuition organizations was adjusted for inflation purposes. The maximum credit for single taxpayers or heads of household increased from \$500 to \$503. For married taxpayers that file a joint return, the maximum credit amount increased from \$1,000 to \$1,006. For more information, see AZ Form 323.

## New Credit for Qualified Health Insurance Plans

For taxable years beginning on or after January 1, 2012 through December 31, 2014, Arizona law provides a credit for employers who provide qualified health plans or contributions to health savings accounts (HSA) for its employees who are Arizona residents. For more information, see AZ Form 347.

## New Credit for Contributions Made to Certified School Tuition Organizations

For tax years beginning on or after January 1, 2012, Arizona law provides a new individual income tax credit for voluntary cash contributions made to a certified school tuition organization. This new credit is in addition to the credit claimed on AZ Form 323. The maximum credit for single taxpayers or heads of households is \$500. For married taxpayers that file a joint return, the maximum credit is \$1,000. For more information, see AZ Form 348.

To claim a credit on AZ Form 348, the taxpayer **must** first claim the maximum credit allowed on AZ Form 323, Credit for Contributions to Private School Tuition Organizations.

## New Additional Credit for Increased Research Activities for Basic Research Payments

A taxpayer that makes basic research payments to a university under the jurisdiction of the Arizona Board of Regents may qualify for this tax credit. The same basic research payment may be included on both Form 346 and Form 308-I (for individuals) as contract research expenses. For more information, see AZ Form 346.

## Credit for Healthy Forest Enterprises Expanded and Extended

The credit for healthy forest enterprises has been extended through tax year 2024. The credit has been expanded to include training expenses for employees hired by the healthy forests enterprise. For more information, see AZ Form 332.

## Credit for Contributions to Military Family Relief Fund

The income tax credit for contributions to the Military Family Relief Fund was extended for 6 years through tax year 2018. For more information, see AZ Form 340.

## Credit for Contributions Made to the Citizens Clean Elections Fund Repealed

The credit for contributions made to the Citizens Clean Elections Fund was repealed effective August 2, 2012. For 2012, a taxpayer may claim a credit for the following:

- Donations made directly to the fund during 2012 but prior to August 2, 2012.
- A donation made to the fund on the taxpayer’s 2011 income tax return filed prior to August 2, 2012.

## Have You Paid Your Use Tax? ... What's That?

A use tax is levied on any person who uses, stores or consumes any tangible personal property upon which no tax has been collected by a retailer. The Arizona state use tax rate is 6.6%; some cities also impose a city use tax.

An Arizona purchaser is liable for use tax on goods purchased from an out-of-state vendor that did not collect the use tax. Internet sales are also subject to use tax. There is no exemption from use taxes on Internet purchases. The Internet Tax Freedom Act is a moratorium on any imposition of new taxes. The Arizona use tax law has been in effect since the 1950s.

Any purchase of a vehicle, aircraft, boat, or any other tangible personal item purchased from an out-of-state vendor is also subject to the use tax if no tax was paid. Items brought into the State of Arizona that were subject to U.S. Customs may also be liable for the use tax as well, minus your personal U.S. Customs exemption.

Basically, use taxes and transaction privilege taxes (often referred to as sales taxes) are complementary taxes. In effect, you must pay one or the other but never both. If you purchase an item from a mail order entity and that entity also has an Arizona location, then you may be liable for a transaction privilege tax instead of a use tax.

Use taxes were instituted to prevent unfair competition by out-of-state vendors in the Arizona market. The passing of a use tax law helped create a more suitable balance in this area.

So how does an individual report a use tax? Currently, you should calculate your purchase amount, multiply that amount by 6.6% and remit this total along with a cover letter that includes your name, address and taxpayer identification number to the Arizona Department of Revenue along with a copy of the original invoice. Failure to comply may result in penalties and interest.

If you have questions regarding use tax or how to report your use tax, please contact Taxpayer Information and Assistance by calling 602-255-2060.

Mail your cover letter, payment and copy of invoice to:

Arizona Department of Revenue  
Use Tax Unit, Room 620  
1600 West Monroe Street  
Phoenix, AZ 85007

**2012 Nonresident Personal Income Tax Return**

***e-file* Leave the Paper Behind - *e-file!***

- **Quick Refunds**
- **Accurate**
- **Proof of Acceptance**
- **Free \*\***

No more paper, math errors, or mailing delays!  
 Refunds in as little as 7 to 10 days with direct deposit option.  
*e-file* today, pay by April 15, 2013, to avoid penalties and interest.

*e-file* through an Authorized IRS/DOR *e-file* provider or by using your personal computer and the Internet. Visit our web site at [www.azdor.gov](http://www.azdor.gov) for a listing of approved *e-file* providers and on-line filing sources.

\*\* For free *e-file* requirements, check out our web site at [www.azdor.gov](http://www.azdor.gov).

**Are You Subject to Tax in Arizona?**

You are subject to Arizona income tax on all income derived from Arizona sources. If you are in this state for a temporary or transitory purpose or did not live in Arizona but received income from sources within Arizona during 2012, you are subject to Arizona tax. Income from Arizona sources includes wages, rental income, business income, the sale of Arizona real estate, interest and dividends having a taxable or business situs in this state, or any other income from an Arizona source.

**Do You Have to File?**

<b>Arizona Filing Requirements</b> These rules apply to all Arizona taxpayers.		
You must file if you are:	<b>and</b> your Arizona adjusted gross income is at least:	<b>or</b> your gross income is at least:
● Single	\$ 5,500	\$15,000
● Married filing joint	\$11,000	\$15,000
● Married filing separate	\$ 5,500	\$15,000
● Head of household	\$ 5,500	\$15,000
If you are a nonresident, you must report income derived from Arizona sources.		
To see if you have to file, figure your gross income the same as you would figure your gross income for federal income tax purposes. Then you should exclude income Arizona law does not tax.		
You can find your Arizona adjusted gross income on line 18 of Arizona Form 140NR.		

**NOTE:** *Even if you do not have to file, you must still file a return to get a refund of any Arizona income tax withheld.*

**Do You Have to File if You Are an American Indian?**

You must file if you meet the Arizona filing requirements unless **all** the following apply to you.

- You are an enrolled member of an Indian tribe.

- You live on the reservation established for that tribe.
- You earned **all** of your income on that reservation.

The department has issued a ruling on the Arizona tax treatment of American Indians. This ruling is ITR 96-4. To see this ruling, visit our web site at [www.azdor.gov](http://www.azdor.gov) and click on Legal Research and then click on Rulings.

**Do You Have to File if You Are The Spouse of an American Indian and You Are Not an Enrolled Indian?**

You must file if you meet the Arizona filing requirements. The department has issued a ruling on the tax treatment of spouses of American Indians. This ruling is ITR 96-4. To see this ruling, visit our web site at [www.azdor.gov](http://www.azdor.gov) and click on Legal Research and then click on Rulings.

**Do You Have to File if You Are in the Military?**

You must file if you meet the Arizona filing requirements unless **all** the following apply to you.

- You are an active duty member of the United States armed forces.
- Your only income for the taxable year is pay received for active duty military service.
- There was no Arizona tax withheld from your active duty military pay.

If Arizona tax was withheld from your active duty military pay, you must file an Arizona income tax return to claim any refund you may be due from that withholding.

You must also file an Arizona income tax return if you have any other income besides pay received for active duty military service.

If you are an Arizona resident and you have to file an Arizona return, you should file using Form 140. If you were an Arizona resident when you entered the service, you remain an Arizona resident, no matter where stationed, until you establish a new domicile. As an Arizona resident, you must report all of your income to Arizona, no matter where stationed. You must include your military pay, but using Form 140, you may subtract all pay received for active duty military service; to the extent it is included in your federal adjusted gross income.

If you are not an Arizona resident, but stationed in Arizona, the following applies to you.

- You are not subject to Arizona income tax on your military pay.
- You must report any other income you earn in Arizona. Use Form 140NR, *Nonresident Personal Income Tax Return*, to report this income.

To find out more, see our brochure, Pub 704, *Taxpayers in the Military*, at [www.azdor.gov](http://www.azdor.gov) and click on Publications.

**If You Included Your Child's Unearned Income on Your Federal Return, Does Your Child Have to File an Arizona Return?**

No. In this case, the child should not file an Arizona return. The parent must include that same income in his or her Arizona taxable income.

---

## Residency Status

---

If you are not sure if you are an Arizona resident for state income tax purposes, we may be able to help.

The department has issued a procedure on determining residency status. This procedure is ITP 92-1. To see this procedure, visit our web site at [www.azdor.gov](http://www.azdor.gov) and click on Legal Research and then click on Procedures.

### Residents

You are a resident of Arizona if your domicile is in Arizona. Domicile is the place where you have your permanent home. It is where you intend to return if you are living or working temporarily in another state or country. If you leave Arizona for a temporary period, you are still an Arizona resident while gone. A resident is subject to tax on all income no matter where the resident earns the income.

If you are a full year resident, you must file Form 140, Form 140A, or Form 140EZ.

### Part-Year Residents

If you are a part-year resident, you must file Form 140PY, *Part-Year Resident Personal Income Tax Return*.

You are a part-year resident if you did either of the following during 2012.

- You moved into Arizona with the intent of becoming a resident.
- You moved out of Arizona with the intent of giving up your Arizona residency.

### Nonresidents

If you are a nonresident, you must file Form 140NR, *Nonresident Personal Income Tax Return*.

---

## What if a Taxpayer Died?

---

If a taxpayer died before filing a return for 2012, the taxpayer's spouse or personal representative may have to file and sign a return for that taxpayer. A personal representative can be an executor, administrator, or anyone who is in charge of the deceased taxpayer's property.

If the deceased taxpayer did not have to file a return but had tax withheld, a return must be filed to get a refund.

The person who files the return should use the form the taxpayer would have used. **If the department mailed the taxpayer a booklet, do not use the label.** The person who files the return should print the word "deceased" after the decedent's name in the address section of the form. Also, enter the date of death after the decedent's name.

If your spouse died in 2012 and you did not remarry in 2012, or if your spouse died in 2013 before filing a return for 2012, you may file a joint return. If your spouse died in 2012, the joint return should show your spouse's 2012 income before death and your income for all of 2012. If your spouse died in 2013, before filing the 2012 return, the joint return should show all of your income and all of your spouse's income for 2012. Print "Filing as surviving spouse" in the area where you sign the return. If someone else is the personal representative, he or she must also sign the return.

### Are any Other Returns Required?

You may also have to file a fiduciary income tax return (Form 141AZ). For details about filing a fiduciary income tax return, call the department at (602) 255-3381.

## Claiming a Refund for a Deceased Taxpayer

If you are claiming a refund for a deceased taxpayer, you **must** complete Form 131, *Claim for Refund on Behalf of Deceased Taxpayer*. Attach this form to the **front** of the return.

---

## What Are the Filing Dates and Penalties?

---

### When Should You File?

Your 2012 calendar year tax return is due no later than midnight, April 15, 2013. File your return as soon as you can after January 1, but no later than April 15, 2013.

If you are a fiscal year filer, your return is due on the 15th day of the fourth month following the close of your fiscal year.

### What if You Cannot File on Time?

You may request an extension if you know you will not be able to file on time.

**NOTE:** *An extension does not extend the time to pay your income tax. For details, see the instructions for Arizona Form 204.*

### To get a filing extension, you can either:

1. Apply for a state extension (Form 204). To apply for a state extension, file Arizona Form 204 by April 15. See Form 204 for details. You do not have to attach a copy of the extension to your return when you file, but make sure that you check box **82F** on page 1 of the return. If you must make a payment, use Arizona Form 204, or visit [www.aztaxes.gov](http://www.aztaxes.gov) to make an electronic payment.
2. You may use your federal extension (federal Form 4868). File your Arizona return by the same due date. You do not have to attach a copy of your federal extension to your return, but make sure that you check box **82F** on page 1 of the return.

## When Should You File if You Are a Nonresident Alien?

The due date for your Arizona return is not the same as the due date for your federal return. Your Arizona return is due by April 15 even though your federal return is due on June 15. If you want to file your Arizona return after April 15, you must ask for a filing extension. You must file this request by April 15. Arizona will allow up to a 6-month extension. This will allow you to file your return by October 15, 2013. See Form 204 for extension filing details.

If you have a federal 6-month extension, you can file your Arizona return under that extension. If you file using your federal extension, Arizona will also allow you an extra 6 months. Because we will allow only 6 months, the due date for your Arizona return is not the same as the due date for your federal return. In this case, your Arizona return will be due by October 15 even though your federal return will not be due until December 15. If you file your 2012 Arizona calendar year return after October 15, 2013, your return will be late.

If you are a fiscal year filer, your return is due on the 15th day of the fourth month following the close of your fiscal year.

---

## What if You File or Pay Late?

---

If you file or pay late, we will charge you interest and penalties on the amount you owe. If the U.S. Post Office postmarks your 2012 calendar year return by April 15, 2013, your return will not be late.

You may also use certain private delivery services designated by the IRS to meet the “timely mailing as timely filed” rule.

### Late Filing Penalty

If you file late, we will charge you a late filing penalty. This penalty is 4½% (.045) of the tax required to be shown on the return for each month or fraction of a month the return is late. This penalty cannot exceed 25% (.25) of the tax found to be remaining due.

### Late Payment Penalty

If you pay your tax late, we will charge you a late payment penalty. This penalty is ½ of 1% (.005) of the amount shown as tax for each month or fraction of a month for which the failure continues. We charge this penalty from the original due date of the return until the date you pay the tax. This penalty cannot exceed a total of 10% (.10) of the unpaid tax.

### Extension Underpayment Penalty

If you file your return under an extension, you must pay 90% of the tax shown on your return by the return's original due date. If you do not pay this amount, we will charge you a penalty. This penalty is ½ of 1% (.005) of the tax not paid for each 30-day period or fraction of a 30-day period. We charge this penalty from the original due date of the return until the date you pay the tax. This penalty cannot exceed 25% (.25) of the unpaid tax. If we charge you the extension underpayment penalty, we will not charge you the late payment penalty under Arizona Revised Statutes (A.R.S.) § 42-1125(D).

**NOTE:** *If you are subject to two or more of the above penalties, the total cannot exceed 25% of the unpaid tax.*

### Interest

We charge interest on any tax not paid by the due date. We will charge you interest even if you have an extension. If you have an extension, we will charge you interest from the original due date until the date you pay the tax. The Arizona interest rate is the same as the federal rate.

### When Should You Amend a Return?

If you need to make changes to your return once you have filed, you should file Form 140X, *Individual Amended Income Tax Return*. You should file your amended return after your original return has processed. **Do not** file a new return for the year you are correcting. Generally, you have four years to amend a return to claim a refund.

If you amend your federal return for any year, you must also file an Arizona Form 140X for that year. You must file Form 140X within 90 days of the final determination of the IRS.

If the IRS makes a change to your federal taxable income for any year, you must report that change to Arizona. You may use one of the following two options to report this change.

#### Option 1

You may file a Form 140X for that year. If you choose this option, you must amend your Arizona return within 90 days of the final determination of the IRS. Attach a complete copy of the federal notice to your Form 140X.

#### Option 2

You may file a copy of the final federal notice with the department within 90 days of the final determination of the IRS. If you choose this option, you must include a statement in which you must:

1. Request that the department recompute your tax; and
  2. Indicate if you agree or disagree with the federal notice.
- If you do not agree with the federal notice, you must also include any documents that show why you do not agree.

If you choose option 2, mail the federal notice and any other documents to:

Arizona Department of Revenue  
 Attention: Individual Income Audit  
 1600 W. Monroe  
 Phoenix, AZ 85007-2650

### Do You Need to Make Estimated Payments in 2013?

You must make Arizona estimated income tax payments during 2013 if:

Your filing status is:	AND Your Arizona gross income for 2012 was greater than:	AND Your Arizona gross income for 2013 exceeds:
Married Filing Joint	\$150,000	\$150,000
Single	\$75,000	\$75,000
Head of Household	\$75,000	\$75,000
Married Filing Separate	\$75,000	\$75,000

If you met the income threshold for 2012, you must make estimated payments during 2013 unless you are sure you will not meet the threshold for 2013.

As a nonresident, your Arizona gross income is that part of your federal adjusted gross income derived from Arizona sources. Your Arizona gross income is on line 15 of the 2012 Arizona Form 140NR.

See the worksheet for Form 140ES to figure how much your payments should be.

### What if You Make Your Estimated Payments Late?

We will charge you a penalty if you fail to make any required payments. We will charge you a penalty if you make any of your required payments late.

For details, see Arizona Form 221.

### Can You Make Estimated Payments Even if You Do Not Have to?

If you do not have to make Arizona estimated income tax payments, you may still choose to make them. For details, see Arizona Form 140ES.

### Line-by-Line Instructions

#### Tips for Preparing Your Return:

- Make sure that you write your SSN on your return.
- Complete your return using black ink.
- You **must** round dollar amounts to the nearest whole dollar. If 50 cents or more, round up to the next dollar. If less than 50 cents, round down. Do not enter cents.
- When asked to provide your own schedule, attach a separate sheet with your name and SSN at the top. Attach your own schedules to your return. Attach these schedules behind

page 2 of your return and behind your Schedules A, if itemizing.

- You must complete your federal return before you can start your Arizona return.
- Make sure you include your home telephone number. If your daytime number is not the same as your home number, make sure you include a daytime number.
- If filing a fiscal year return, fill in the period covered in the space provided at the top of the form.

---

## Entering Your Name, Address, and SSN

---

### Lines 1, 2, and 3 -

**NOTE:** *Make sure that you write your SSN on the appropriate line.*

If your booklet has a peel-off label, use that label if all the information is correct. **If any of the information on the label is incorrect, do not use the label.** Attach the label after you finish your return. If you do not have a peel-off label, print or type your name, address, and SSN in the space provided.

If you are filing a joint return, enter your SSNs in the same order as your names. *If your name appears first on the return, make sure your SSN is the first number listed.*

If you are married filing separately, enter your name and SSN on the first line 1. Then enter your spouse's name and SSN on the second line 1.

If you are a nonresident of the United States or a resident alien who does not have an SSN, use the individual taxpayer identification number (ITIN) the IRS issued to you.

For a deceased taxpayer, see page 2 of these instructions.

Use your current home address. The department will send your refund or correspond with you at that address.

**NOTE:** *Make sure your SSN is correct. If you are filing a joint return, also make sure you list your SSNs in the same order every year.*

Make sure that you enter your SSN on your return. Make sure that all SSNs are clear and correct. You may be subject to a penalty if you fail to include your SSN. It will take longer to process your return if SSNs are missing, incorrect, or unclear.

### ID Numbers for Paid Preparers

If you pay someone else to prepare your return, that person must also include an ID number where requested.

A paid preparer may use any of the following.

- his or her SSN
- the EIN for the business

A paid preparer who fails to include the proper ID numbers may be subject to a penalty.

---

## Determining Your Filing Status

---

The filing status that you use on your Arizona return may be different from that used on your federal return.

Use this section to determine your filing status. Check the correct box (4 through 7) on the front of Form 140NR.

### Line 4 Box - Married Filing Joint Return

If you are married and filing a joint return, check box 4.

You may file a joint return if you were married as of December 31, 2012. It does not matter whether or not you

were living with your spouse. You may file a joint return, even if you and your spouse filed separate federal returns.

You may file a joint return with your deceased spouse if your spouse died during 2012 and you did not remarry in 2012. See page 2 of these instructions for details.

If you are married to an Arizona full year resident, you may file a joint return with your Arizona resident spouse. If filing a joint return with your Arizona resident spouse, you must use Form 140NR. The department has issued a ruling on filing a joint return with your full-year resident spouse. This ruling is ITR 95-2. To see this ruling, visit our web site at [www.azdor.gov](http://www.azdor.gov) and click on legal research and then click on rulings.

### Line 5 Box - Head of Household

If you are filing as a head of household, check box 5.

You may file as head of household on your Arizona return, only if one of the following applies.

- You qualify to file as head of household on your federal return.
- You qualify to file as a qualifying widow or widower on your federal return.

### Line 6 Box - Married Filing Separate Return

If you are filing a separate return, check box 6 and enter your spouse's name and SSN on the second line 1.

If you were married as of December 31, 2012, you may choose to file a separate return. You may file a separate return, even if you and your spouse filed a joint federal return.

Arizona is a community property state. If you file a separate return, you must figure how much income to report using community property laws. If one spouse is a resident and the other spouse is not, special rules apply when filing a separate return. The department has issued a ruling on how to report income in this case. This ruling is ITR 93-20. To see this ruling, visit our web site at [www.azdor.gov](http://www.azdor.gov) and click on Legal research and then click on Rulings.

**NOTE:** *In some cases, you may treat community income as separate income. The department has issued a ruling on when you may treat community income as separate income. This ruling is ITR 93-22. To see this ruling, visit our web site at [www.azdor.gov](http://www.azdor.gov) and click on Legal Research and then click on Rulings.*

### Line 7 Box - Single

If you are filing as single, check box 7.

Use this filing status if you were single on December 31, 2012. You are single if any of the following apply to you.

- You have never been married.
- You are legally separated under a decree of divorce or of separate maintenance.
- You were widowed before January 1, 2012, and you did not remarry in 2012, and you do not qualify to file as a qualifying widow or widower with dependent children on your federal return.

---

## Exemptions

---

Write the number of exemptions you are claiming in boxes 8, 9, and 10. Do not put a checkmark. You may lose the

exemption if you put a checkmark in these boxes. You may lose the dependent exemption if you do not complete Part A on page 2.

### Line 8 Box - Age 65 or Over

Enter "1" in box 8 if you or your spouse were 65 or older in 2012. Enter "2" in box 8 if both you and your spouse were 65 or older in 2012.

### Line 9 Box - Blind

Enter "1" in box 9 if you or your spouse is totally or partially blind. Enter "2" in box 9 if both you and your spouse are totally or partially blind.

If you or your spouse were partially blind as of December 31, 2012, you must get a statement certified by your eye doctor or registered optometrist that:

1. You cannot see better than 20/200 in your better eye with glasses or contact lenses or
2. Your field of vision is 20 degrees or less.

If your eye condition is not likely to improve beyond the conditions listed above, you can get a statement certified by your eye doctor or registered optometrist to that effect instead. You must keep the statement for your records.

### Line 10 Box - Dependents

You must complete Part A on page 2 of your return before you can total your dependent exemptions.

You may claim only the following as a dependent.

- A person that qualifies as your dependent on your federal return.

**NOTE:** *If you do not claim a dependent exemption for a student on your federal return in order to allow the student to claim a federal education credit on the student's federal return, you may still claim the exemption on your Arizona return. For more information, see Arizona Individual Income Tax Ruling ITR 05-02 at [www.azdor.gov](http://www.azdor.gov).*

- A person who is age 65 or over (related to you or not) that does not qualify as your dependent on your federal return, but one of the following applies.
  1. In 2012, you paid more than one-fourth of the cost of keeping this person in an Arizona nursing care institution, an Arizona residential care institution, or an Arizona assisted living facility. Your cost must be more than \$800.
  2. In 2012, you paid more than \$800 for either Arizona home health care or other medical costs for the person.
- A stillborn child if the following apply.
  1. The stillbirth occurred in Arizona during 2012.
  2. You received a certificate of birth resulting in stillbirth from the Arizona Department of Health Services.
  3. The child would have otherwise been a member of your household.

### Completing Line(s) A1

Enter the following on line(s) A1.

1. The dependent's name. If you are claiming an exemption for a stillborn child and the child was not named, enter "stillborn child" in place of a name.
2. The dependent's SSN. If you are claiming an exemption for a stillborn child enter the certificate number from the certificate of birth resulting in stillbirth.

3. The dependent's relationship to you.
4. The number of months the dependent lived in your home during 2012. If you are claiming an exemption for a stillborn child, enter the date of birth resulting in the stillbirth.

You may lose the exemption if you do not furnish this information.

### Line A2 - Total Dependents

Enter the total number of persons listed on line(s) A1. Enter the same number on the front of the return in box 10.

### Lines A3a and A3b - Persons You Did Not Take as Dependents on Your Federal Return

On line A3a, enter the following.

1. The names of any dependents age 65 or over listed on line(s) A1 that you cannot take as a dependent on your federal return.
2. The name of any stillborn child listed on line(s) A1, if the stillborn child was named. If the stillborn child was not named, enter "stillborn child" on line A3a. Also, enter the date of birth resulting in the stillbirth.

On line A3b, enter the name of any student listed on line(s) A1, that you did not claim as an exemption on your federal return in order to allow that student to claim a federal education credit on the student's federal return.

### Reporting Your Residency Status

Check the appropriate box (11 through 13). Check only one box.

#### Line 11 Box - Nonresident

Check box 11, if you were not an Arizona resident during 2012, and were not on active military duty in Arizona.

#### Line 12 Box - Nonresident Active Military

Check box 12, if you were a nonresident on active duty military assignment in Arizona during 2012.

#### Line 13 Box - Composite Return

Check box 13, if this is a composite return to be filed by one of the following.

1. A partnership filing on behalf of its nonresident partners.
2. An S corporation filing on behalf of its nonresident shareholders.

For information on filing an Arizona nonresident composite income tax return, see Income Tax Ruling ITR 97-1 at [www.azdor.gov](http://www.azdor.gov).

### Determining Arizona Income

Now complete Parts B, C, and D on page 2 of the return.

Use Part B to determine what portion of your total income is taxable by Arizona.

**NOTE:** *If you are unable to determine the proper line to use, please call one of the numbers listed on the back cover.*

### FEDERAL Column

Enter the actual amounts shown on your 2012 federal income tax return in the FEDERAL column. Complete lines B5 through B15. Line B15 should equal the federal adjusted gross income shown on your 2012 federal return Form 1040, Form 1040A, Form 1040EZ, or Form 1040NR.

**ARIZONA Column**

Enter that portion of your federal income received from Arizona sources in the ARIZONA column. Such income includes wages earned in Arizona, Arizona rental and business income, and gains on the sale of Arizona property.

**NOTE:** *If you are filing a joint return with your full year resident spouse, you must enter your Arizona source income in the ARIZONA column and your spouse must enter all income from all sources in the ARIZONA column. For details, see Arizona Department of Revenue Income Tax Ruling ITR 95-2 at [www.azdor.gov](http://www.azdor.gov).*

The Tax Reform Act of 1986 limits the amount of losses that you may deduct from passive activities. A passive activity is one that involves the conduct of any trade or business in which the taxpayer does not materially participate.

As a nonresident, your Arizona gross income may include some of these losses. You may consider only those passive losses that arose from Arizona sources. Your 2012 Arizona gross income can include only Arizona source losses you used on your 2012 federal return.

**Line B4 - Spouse of Active Duty Military Member**

Check Box B4 if married and you are the spouse of an active duty military member and you qualify for relief under the Military Spouses Residency Relief Act. For information about who qualifies for relief, see the department's brochure, Pub 705, *Spouses of Active Duty Military Members*.

**Lines B5 through B14 -**

The following line-by-line instructions apply to the ARIZONA column.

**Line B5 - Wages, Salaries, Tips, etc.**

Enter all amounts received for services performed in Arizona.

**NOTE: Active Duty Military Members** *Do not include active duty military pay unless the active duty military member is an Arizona resident filing a joint return with his or her Arizona nonresident spouse on Form 140NR. If you are an Arizona resident active duty military member including military pay on line B5 in the "ARIZONA" column, also include that amount in the amount entered as an "Other Subtraction From Income" on Form 140NR, page 2, line D31.*

**NOTE: Spouses of Active Duty Military Members** *If you are the spouse of an active duty military and you qualify for relief under the Military Spouses Residency Relief Act, do not enter any wages, salaries or tips you earned during the taxable year for services performed in Arizona.*

**Line B6 - Interest**

If you have an Arizona business, enter only interest (including U.S. Government interest) you earned on accounts pledged as collateral. Also, enter your distributive share of interest from a partnership doing business in Arizona or an S corporation doing business in Arizona. Do not include any other interest income, even if it was earned in Arizona banks.

**Line B7 - Dividends**

If you have an Arizona business, enter only those dividends earned on stocks pledged as collateral, including dividends from small business corporations. Also, enter your distributive share of dividend income from a partnership

doing business in Arizona or an S corporation doing business in Arizona. Do **not** include any other dividend income.

**Line B8 - Arizona Income Tax Refunds**

Enter the amount of Arizona income tax refunds received in 2012 that you included in your federal adjusted gross income.

**Line B9 - Business Income or (Loss)**

Enter income or (loss) from Arizona businesses.

**Line B10 - Gains or (Losses)**

Enter gains or (losses) on sales of Arizona property.

**Line B11 - Rents, etc.**

Enter rent or royalty income earned on Arizona properties. Enter income from Form 141AZ, Schedule K-1(NR), line 2, from estates or trusts. Also enter income or (loss) from Schedule(s) K-1(NR) from Arizona partnerships (Form 165), or small business corporations (Form 120S).

**Line B12 - Other Income Reported on Your Federal Return**

Enter other income from sources within Arizona. Do not include pension income or social security taxed by the federal government.

**Net Operating Losses**

Arizona does not have specific provisions for calculating the net operating loss of an individual. Generally, the amount of Arizona source net operating loss deduction included in your federal adjusted gross income is the amount allowable for Arizona purposes. However, there are instances when the amount allowable for Arizona purposes may be different.

As an Arizona nonresident, you may have had a loss from prior year Arizona business operations. However, the loss cannot offset this year's income unless the loss is a net operating loss for federal purposes. You can include the loss deduction in your Arizona gross income only to the extent included in your federal adjusted gross income. You cannot deduct any amount of that net operating loss that has been absorbed by non-Arizona income in any intervening years. Additionally, you cannot include any amount of that net operating loss that has already been deducted for Arizona purposes.

Enter the amount of net operating loss deduction included in your federal adjusted gross income that was derived from Arizona sources. Do not include any amount of the loss that has already been deducted for Arizona purposes.

For information on deducting a net operating loss carryback in cases where you did not make an election under Internal Revenue Code (IRC) § 172(b)(1)(H), see Arizona Department of Revenue Income Tax Procedure ITP 99-1. To see this procedure, visit our web site at [www.azdor.gov](http://www.azdor.gov) and click on Legal Research and then click on Procedures.

If you made an election under IRC § 172(b)(1)(H), see the instructions for line D31, under "Other Subtractions From Income."

**Line B13 - Total Income**

Add lines B5 through B12 and enter the total.

**Line B14 - Other Federal Adjustments**

Include on line B14 any other federal adjustments included in your federal adjusted gross income that are attributable to

the Arizona source income reported on your 2012 Arizona nonresident return.

### Line B16 - Arizona Income

Complete line B16 as instructed on the form.

### Line B17 - Arizona Percentage

Divide line B16 by line B15 and enter the result. **(Do not enter more than 100 percent.)** This is the Arizona percentage of your total income.

Example:		
Arizona Gross Income from line B16	Federal Adjusted Gross Income from line B15	Arizona percentage
\$ 7,500	\$ 30,000	$\$7,500/\$30,000 = 25\%$

## Determining Additions to Income

### Line C18 - IRC § 179 Expense in Excess of Allowable Amount

Enter the amount of IRC § 179 expense included in your Arizona gross income that exceeds \$25,000. If you make an entry here, also see the instructions for line D30, "Adjustment for IRC § 179 Expenses Not Allowed."

### Line C19 - Total Depreciation Included in Arizona Gross Income

Enter the amount of depreciation deducted on the federal return that is included in Arizona gross income. If you make an entry here, also see the instructions for line D31, "Other Subtractions from Income."

### Line C20 - Other Additions to Income

Use line C20 if any of the special circumstances below apply. Attach your own schedule to the back of your return, explaining any amounts entered on line C20.

#### A. Fiduciary Adjustment

A fiduciary uses Form 141AZ, Schedule K-1(NR), to report to you your share of the fiduciary adjustment from the trust or estate. Line 5 of Form 141AZ, Schedule K-1(NR), shows your share of the fiduciary adjustment from the estate or trust.

Depending on your situation, you may either add (line C20) or subtract (line D31) this amount.

If the amount reported on line 5 of your Arizona Form 141AZ, Schedule K-1(NR), is a positive number, enter that amount as an addition on line C20.

If the amount on line 5 of your Arizona Form 141AZ, Schedule K-1(NR), is a negative number, enter that amount as a subtraction from income on line D31.

#### B. Agricultural Water Conservation System Credit

If you take this credit (Form 312), you cannot deduct any expenses for which you claim the credit. If you take this credit, enter the amount of such expenses that you deducted on your federal return.

#### C. Items Previously Deducted for Arizona Purposes

Arizona statutes prohibit a taxpayer from deducting items more than once. However, under the operation of former Arizona law (1989 and prior), you could deduct certain items in greater amounts for Arizona purposes than federal purposes. Investment interest and passive activity losses were such items. In some cases, you could have deducted

such amounts in their entirety on the Arizona return. For federal purposes, the deduction for these items was limited, with the unused portions being carried forward and deducted in future years. Your Arizona return may include these previously deducted items because of the difference between the federal and former Arizona treatment. If your Arizona taxable income includes items previously deducted for Arizona purposes, you must add such amounts to your Arizona gross income.

### D. Claim of Right Adjustment for Amounts Repaid in 2012

You must make an entry here if **all** of the following apply.

1. During 2012, you were required to repay amounts held under a claim of right.
2. The amount required to be repaid was subject to Arizona income tax in the year included in income.
3. The amount required to be repaid during 2012 was more than \$3,000.
4. You took a deduction for the amount repaid on your 2012 federal income tax return.
5. The deduction taken on your federal income tax return is reflected in your Arizona taxable income.

If the above apply, enter the amount deducted on your federal income tax return which is reflected in your Arizona taxable income.

For more information on the Arizona claim of right provisions, see Arizona Department of Revenue Individual Income Tax Procedure ITP 95-1 at [www.azdor.gov](http://www.azdor.gov).

### E. Claim of Right Adjustment for Amounts Repaid in Prior Taxable Years

You must make an entry here if **all** of the following apply.

1. During a year prior to 2012, you were required to repay income held under a claim of right.
2. You computed your tax for that prior year under Arizona's claim of right provisions.
3. A net operating loss or capital loss was established due to the repayment made in the prior year.
4. You are entitled to take that net operating loss or capital loss carryover into account when computing your 2012 Arizona taxable income.
5. The amount of the loss carryover included in your Arizona gross income is more than the amount allowed to be taken into account for Arizona purposes.

Enter the amount by which the loss carryover included in your Arizona gross income is more than the amount allowed for the taxable year under Arizona law.

### F. Addition to S Corporation Income Due to Credits Claimed

Shareholders of an S corporation who claim a credit passed through from an S corporation must make an addition to income for the amount of expenses disallowed by reason of claiming the credit.

An S corporation that passes the following credits through to its shareholders must notify each shareholder of his or her pro rata share of the adjustment. You must enter an amount on this line when claiming any of the following credits.

- Environmental technology facility credit (Form 305)
- Agricultural water conservation system credit (Form 312)
- Pollution control credit (Form 315)

- Credit for solar hot water heater plumbing stub outs and electric vehicle recharge outlets (Form 319)
- Credit for employment of TANF recipients (320)
- Agricultural pollution control equipment credit (Form 325)
- Motion picture credits (Form 334)

### **G. Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlet Expenses**

If you take a credit for installing solar hot water heater plumbing stub outs or electric vehicle recharge outlets in a dwelling you constructed (Form 319), you cannot deduct any expenses for which you claim the credit. If you take this credit, enter the amount of such expenses that you deducted on your federal return.

### **H. Wage Expense for Employers of TANF Recipients**

If you take a credit for employing TANF recipients (Form 320), you cannot deduct any wage expense for which you claim the credit. If you take this credit, enter the amount of such expenses that you deducted on your federal return.

### **I. Motion Picture Expenses**

If you take a motion picture credit (Form 334), you cannot deduct any expenses related to the production or related to a transferred credit. Enter the amount of any such expenses that were deducted in computing Arizona gross income for which you claimed a credit.

### **J. Early Withdrawal of Arizona, County, City, or School Retirement System Contributions**

If you meet all the following, you must enter an amount here.

1. You left your job with the State of Arizona or an Arizona county, city, or school district for reasons other than retirement.
2. When you left, you took out the contributions you had made to the retirement system while employed.
3. You deducted these contributions on your Arizona income tax returns that you filed in prior years.
4. You did not include these contributions in your federal adjusted gross income this year.

If you meet all these tests, you must report as income those contributions previously deducted on your prior year Arizona tax returns.

For more information, see Arizona Department of Revenue Income Tax Ruling ITR 93-7 at [www.azdor.gov](http://www.azdor.gov).

### **K. Medical Savings Account (MSA) Distributions**

For information on Arizona's MSA provisions, see the department's MSA brochure, Pub 542 at [www.azdor.gov](http://www.azdor.gov).

You must add amounts received from an MSA here if any of the following apply.

#### **1 - You Withdrew Funds From Your MSA for Other Than Qualified Expenses**

You must make an entry here if all of the following apply.

1. You have an MSA that qualifies as an MSA under Arizona law.
2. If you are an employee, your high deductible health coverage is provided by your Arizona employer. If you are self-employed, your high deductible health coverage is provided by your Arizona business.
3. You withdrew money from your MSA during 2012.

4. You did not use the amount withdrawn to pay qualified medical expenses.
5. You did not have to include the withdrawal as income on your federal income tax return.

Enter the amount withdrawn.

#### **2 - Deceased Account Holder Where the Named Beneficiary is Not the Decedent's Surviving Spouse**

You must make an entry here if all of the following apply:

1. The account holder died during the year.
2. The account holder's MSA qualified as an MSA under Arizona law.
3. If the account holder was an employee, the account holder's high deductible health coverage was provided by his or her Arizona employer. If the account holder was self-employed, the account holder's high deductible health coverage was provided by his or her Arizona business.
4. You are the named beneficiary of the decedent's MSA.
5. You are not the decedent's surviving spouse.
6. You did not have to include the value of the MSA as income on your federal income tax return.

In this case, the MSA ceased to be an MSA. Enter the fair market value of the MSA as of the date of death, less the amount of MSA funds used within one year of the date of death, to pay the decedent's qualified medical expenses.

If the MSA has not paid all of the decedent's medical expenses by the time you file this return, reduce the fair market value by only those expenses the MSA paid.

If the MSA pays additional expenses for the decedent after you file, you may file an amended return to further reduce the fair market value of the MSA.

#### **3 - Decedent's Final Return and no Named MSA Beneficiary**

Make an entry here if all of the following apply.

1. The account holder died during the year.
2. The account holder's MSA qualified as an MSA under Arizona law.
3. If the account holder was an employee, the account holder's high deductible health coverage was provided by his or her Arizona employer. If the account holder was self-employed, the account holder's high deductible health coverage was provided by his or her Arizona business.
4. There is no named MSA beneficiary.
5. This is the decedent's final return.
6. The value of the MSA did not have to be included on the decedent's final federal income tax return.

In this case, the MSA ceases to be an MSA. Enter the fair market value of the MSA as of the date of death.

This rule applies in all cases in which there is no named beneficiary, even if the surviving spouse ultimately obtains the right to the MSA assets.

**NOTE:** *The following are not withdrawals. Do not enter any of the following.*

- Amounts from the MSA used to pay qualified medical expenses
- A qualified return of excess contributions
- A qualified rollover
- The fair market value of an MSA received by a surviving spouse who was the deceased account holder's named beneficiary

For more information about the above items, see the department's MSA brochure, Pub 542 at [www.azdor.gov](http://www.azdor.gov).

#### **L. Adjusted Basis in Property for Which You Have Claimed a Credit for Investment in Qualified Small Businesses**

If you claim a credit for an investment in a qualified small business (Form 338), you must adjust your basis in the investment by the amount of the credit claimed. You must report this difference in basis on the Arizona return that you file for the taxable year in which you sell or otherwise dispose of the investment. If you sold or otherwise disposed of the investment during the 2012 taxable year, enter the amount by which the adjusted basis computed under the IRC with respect to that property exceeds the adjusted basis of the property computed under A.R.S. § 43-1074.02.

#### **M. Original Issue Discount (OID) on Reacquisition of Debt Instrument**

For federal purposes, when a taxpayer made the special election to defer discharge of indebtedness (DOI) income under IRC § 108(i) (for 2009 or 2010), the taxpayer was not allowed to take a deduction with respect to the portion of any OID that accrued with respect to that DOI income, during the income deferral period. In this case, the taxpayer had to deduct the aggregate amount of the OID deductions disallowed ratably over a 5-year period, beginning with the period in which the income was includible in federal adjusted gross income.

Arizona did not adopt the federal provisions requiring a taxpayer to defer the OID deduction in cases where the taxpayer federally deferred the DOI income. For Arizona purposes, you had to report the Arizona source DOI income from a debt reacquisition in the year in which you reacquired the debt, and you were allowed to subtract any OID related to that DOI income in the year the OID accrued. (See the instructions for line D31, "Other Subtractions From Income.") If your Arizona gross income includes a deduction for any accrued OID that you have already subtracted for Arizona purposes, you must make an addition to Arizona income for the amount of deferred OID deducted on your federal return that you included in your Arizona gross income. Generally, this addition will not apply until taxable year 2014 through 2018. However, if you were required to accelerate reporting of the Arizona source DOI income for federal purposes and were allowed to deduct accrued OID attributable to that income on an Arizona return filed for a year prior to 2014, this addition may apply to an earlier year. On line C20, enter the amount of any previously deferred OID that you deducted in computing your 2012 Arizona gross income, to the extent that the amount was previously subtracted from Arizona gross income.

#### **N. Qualified Health Insurance Plans**

If you claimed a credit on AZ Form 347, you may not deduct any expenses for which you claim the credit. If you take this credit, enter the amount of such expenses that you deducted on your federal return.

#### **O. Sole Proprietorship Loss of an Arizona Nonprofit Medical Marijuana Dispensary included in Federal Adjusted Gross Income**

If you are registered as an Arizona sole proprietorship with the Arizona Department of Health Services to operate in this state as a nonprofit medical marijuana dispensary, you are required to add the amount of the loss from the dispensary that is included in the computation of your federal adjusted gross income. Include the amount of the loss on line C20.

**NOTE:** *If the Arizona nonprofit medical marijuana dispensary is registered with the Arizona Department of Health Services as anything other than a sole proprietorship, this addition does not apply.*

#### **P. Other Adjustments**

Other special adjustments may be necessary. You may need to make an addition for depreciation or amortization. You may also need to make an addition if you claimed certain tax credits. Call one of the numbers listed on the back cover if any of the following apply.

- You are a previously certified defense contractor that elected to amortize under A.R.S. § 43-1024.
- You sold or disposed of property that was held for the production of income and your basis was computed under the Arizona Income Tax Act of 1954.
- You claimed the environmental technology facility credit.
- You claimed the pollution control credit.
- You claimed the recycling equipment credit.
- You claimed the agricultural pollution control equipment credit.
- You elected to amortize the basis of a pollution control device or the cost of a childcare facility under Arizona law in effect before 1990. You are still deducting amortization or depreciation for that device or facility on your federal income tax return.

#### **Line C21 - Total Additions**

Add lines C18 through C20. Enter the total on line C21 and on the front of your return, line 16.

#### **Determining Subtractions From Income**

You may only subtract those items for which statutory authority exists. Without such authority, you cannot take a subtraction. If you have any questions concerning subtractions from income, call one of the numbers listed on the back cover.

**NOTE:** *You may not subtract any amount which is allocable to income excluded from your Arizona income.*

#### **Line D22 - Exemption: Age 65 or Over**

Multiply the number in box 8 on the front of your return by \$2,100 and enter the result.

#### **Line D23 - Exemption: Blind**

Multiply the number in box 9 on the front of your return by \$1,500 and enter the result.

#### **Line D24 - Exemption: Dependents**

Multiply the number in box 10 on the front of your return by \$2,300 and enter the result.

**Line D25 - Total Exemptions**

Add lines D22 through D24 and enter the total.

**Line D26 - Prorated Exemptions**

Multiply the amount on line D25 by your Arizona percentage from line B17 and enter the result.

**NOTE: Active Duty Military Personnel Only:** *If you were on active duty in Arizona during 2012, but you were a resident of another state, you must prorate these exemptions.*

**Line D27 - Interest on U.S. Obligations**

Enter the amount of interest income from U.S. Government obligations included as income on line B6 in the ARIZONA column. U.S. Government obligations include obligations such as savings bonds and treasury bills. You must reduce this subtraction by any interest or other related expenses incurred to purchase or carry the obligation. Reduce the subtraction only by the amount of such expenses included in your Arizona gross income.

**Line D28 - Arizona Lottery Winnings**

You may subtract up to \$5,000 of winnings received in 2012 for Arizona lottery prizes. Only subtract those Arizona lottery winnings that you included on line B12 in the ARIZONA column and reported on your federal income tax return.

If you subtract Arizona lottery winnings here, you may have to adjust the amount of gambling losses claimed as an itemized deduction.

**Line D29 - Agricultural Crops Given to Arizona Charitable Organizations**

Arizona law allows a subtraction for qualified crop gifts made during 2012 to one or more charitable organizations. To take this subtraction, all of the following must apply.

1. You must be engaged in the business of farming or processing agricultural crops.
2. The crop must be grown in Arizona.
3. You made your gift to a charitable organization located in Arizona that is exempt from Arizona income tax.

Beginning with 2012, the subtraction is the greater of the wholesale market price or the most recent sale price for the contributed crop.

The amount of subtraction cannot include any amount deducted pursuant to IRC § 170 with respect to crop contribution that exceeds the cost of producing the contributed crop.

To determine if your crop gift qualifies for this subtraction, see Income Tax Procedure ITP 12-1 at [www.azdor.gov](http://www.azdor.gov).

**Line D30 - Adjustment for IRC § 179 Expense not Allowed**

Enter 20% (.20) of the amount entered on line C18 for excess IRC § 179 expense. This same amount can be subtracted in each of the following four taxable years also, effectively amortizing the difference in treatment over five years. If you made an addition for IRC § 179 expense on your 2008, 2009, 2010 and/or 2011 return(s), also enter 20% (.20) of the amount added for 2008, 2009, 2010 and/or 2011.

**Line D31 - Other Subtractions From Income**

Use line D31 if any of the following special circumstances apply. Attach your own schedule to the back of the return, explaining any amounts entered here.

**A. Certain Wages of American Indians**

Enrolled members of American Indian tribes may subtract wages earned while living and working on their tribe's reservation. You can subtract only those amounts that you included on line B5, ARIZONA column. The federal government must recognize these tribes.

For more information, see Income Tax Ruling ITR 96-4 at [www.azdor.gov](http://www.azdor.gov).

**B. Qualified Wood Stove, Wood Fireplace, or Gas Fired Fireplace**

Arizona law provides a subtraction for converting an existing fireplace to one of the following.

- a qualified wood stove
- a qualified wood fireplace
- a gas fired fireplace and non-optional equipment directly related to its operation

You may subtract up to \$500 of the costs incurred for converting an existing fireplace on your property located in Arizona. When you figure your subtraction, do not include taxes, interest, or other finance charges.

A qualified wood stove or a qualified wood fireplace is a residential wood heater that was manufactured on or after July 1, 1990, or sold at retail on or after July 1, 1992. The residential wood heater must also meet the U.S. Environmental Protection Agency's July 1990 particulate emissions standards.

A qualified gas fired fireplace is any device that burns natural or liquefied petroleum gas as its fuel through a burner system that is permanently installed in the fireplace. The conversion of an existing wood burning fireplace to noncombustible gas logs that are permanently installed in the fireplace also qualifies as a gas fired fireplace.

**C. Claim of Right Adjustment for Amounts Repaid in Prior Taxable Years**

You must make an entry here if **all** of the following apply.

1. During a year prior to 2012, you were required to repay income held under a claim of right.
2. The amount required to be repaid was subject to Arizona income tax in the year included in income.
3. You computed your tax for that prior year under Arizona's claim of right provisions.
4. A net operating loss or capital loss was established due to the repayment made in the prior year.
5. You are entitled to take that net operating loss or capital loss carryover into account when computing your 2012 Arizona taxable income.
6. The amount of the loss carryover allowed to be taken into account for Arizona purposes is more than the amount included in your Arizona gross income.

Enter the amount by which the loss carryover allowed for the taxable year under Arizona law is more than the amount included in your Arizona gross income. For more information on the Arizona claim of right provisions, see Individual Income Tax Procedure ITP 95-1 at [www.azdor.gov](http://www.azdor.gov).

**D. Deposits Made Into Your MSA**

If you have an MSA, you may be able to subtract deposits made into that MSA. Make an entry here if all of the following apply.

1. You have an MSA that qualifies as an MSA under Arizona law, but not federal law.

2. If you are an employee, your high deductible health coverage is provided by your Arizona employer. If you are self-employed, your high deductible health coverage is provided by your Arizona business.
3. Either you or your employer made deposits into that MSA during the tax year.
4. You had to include the deposits in income on your federal income tax return.

You can subtract these deposits only to the extent included in your Arizona gross income. Enter these deposits here.

#### **E. Employer Contributions Made to Employee MSAs**

If you are an employer, you may subtract the amount contributed to your employees' MSAs that are established under Arizona law. You can subtract these contributions only to the extent not deductible for federal income tax purposes. You can subtract these contributions only to the extent included in your Arizona gross income. Enter these contributions here.

#### **F. Certain Expenses not Allowed for Federal Purposes**

You may subtract some expenses that you cannot deduct on your federal return when you claim certain federal tax credits. These federal tax credits include the following.

- the federal work opportunity credit
- the empowerment zone employment credit
- the credit for employer-paid social security taxes on employee cash tips
- the Indian employment credit

If you claimed any of the above federal tax credits for 2012, enter the portion of wages or salaries attributable to Arizona source income that you paid or incurred during the taxable year that is equal to the amount of those federal tax credits you claimed.

#### **G. Recalculated Arizona Depreciation**

Enter the total amount of depreciation attributable to assets used in your Arizona business allowable pursuant to IRC § 167(a) for the taxable year calculated as if you had elected not to claim bonus depreciation for eligible properties for federal purposes.

#### **H. Basis Adjustment for Property Sold or Otherwise Disposed of During the Taxable Year**

With respect to property used in an Arizona business that is sold or otherwise disposed of during the taxable year by a taxpayer who has complied with the requirement to add back all depreciation with respect to that property on tax returns for all taxable years beginning from and after December 31, 1999, enter the amount of depreciation that has been allowed pursuant to IRC § 167(a) to the extent that the amount has not already reduced Arizona taxable income in the current or prior years. (Note: The practical effect of this is to allow a subtraction for the difference in basis for any asset for which bonus depreciation has been claimed on the federal return.) You may make this adjustment only for property that was used in your Arizona business.

#### **I. Fiduciary Adjustment**

If the amount on Form 141AZ, Schedule K-1(NR), line 5, is a negative number, enter that amount as a subtraction from income on line D31.

#### **J. Net Operating Loss Adjustment**

**NOTE:** *This subtraction applies to only those individuals who made an election under the special federal net operating loss rules for 2008 and 2009. Under the special rules for 2008 and 2009, you could have elected to carry the net operating loss back for 3, 4, or 5 years, instead of the normal 2 years. This election would have been allowed under IRC § 172(b)(1)(H) as amended by the American Recovery and Reinvestment Act of 2009 or the Worker, Homeownership, and Business Assistance Act of 2009.*

Arizona did not adopt the special federal net operating loss rules for losses incurred during 2008 or 2009. For Arizona purposes, you must deduct an Arizona source net operating loss as if the loss was computed under IRC § 172 in effect prior to the enactment of those special rules. If you made an election to deduct your 2008 or 2009 federal net operating loss under IRC § 172(b)(1)(H), you may have to enter an amount here. Figure how much of the net operating loss carry forward would have been allowed as a deduction on your 2012 federal income tax return, if the election described in IRC § 172(b)(1)(H) had not been made in the year of the loss. Then figure how much of the carry forward computed under that method was derived from Arizona source losses. The amount you may take as a subtraction is the difference between the amount of Arizona source net operating loss carryover allowable as a deduction for federal purposes under the as if calculation and the amount of the Arizona source net operating loss deduction actually taken for federal purposes that you included in your Arizona gross income. On line D31, enter the amount of allowable Arizona source loss carry forward deduction that exceeds the actual amount of Arizona source net operating loss carry forward deduction that was deducted in arriving at Arizona gross income.

**NOTE:** *As an Arizona nonresident, you may have had a loss from prior year Arizona business operations. However, the loss cannot offset this year's income unless the as if calculation results in an Arizona source net operating loss deduction for federal purposes. You can only take this subtraction if the as if federal net operating loss deduction for 2012 includes Arizona source losses that have not been absorbed by non-Arizona income in any intervening years. You cannot subtract any amount of that net operating loss that has been absorbed by non-Arizona income in any intervening years. You also cannot take a subtraction for any amount that has already been deducted for Arizona purposes.*

#### **K. Previously Deferred Discharge of Indebtedness (DOI) Income Adjustment**

Generally, when a loan is settled for less than the amount owed, DOI income is realized by the debtor and usually must be included in the debtor's gross income. The amount of DOI income is generally equal to the amount of loan forgiveness. DOI income also occurs when a debtor repurchases his or her own debt at a discount (a price lower than the adjusted basis issue price of the debt instrument). In debt repurchase transactions, the amount of DOI income is generally equal to the difference between the adjusted issue price and the price paid for the debt instrument.

For federal purposes, a taxpayer may have made a special election for taxable years 2009 or 2010 to include DOI income in connection with the reacquisition of a business debt instrument, ratably over a 5-year period. A taxpayer that made this election will generally include this income in federal adjusted gross income beginning with the 2014 taxable year. A taxpayer would have made the federal

election under IRC § 108(i) as added by the American Recovery and Reinvestment Act of 2009.

Arizona did not adopt the special federal DOI income deferral provisions for the 2009 or 2010 taxable year. For Arizona purposes, if you made the federal election to defer the inclusion of Arizona source DOI income under IRC § 108(i), you were required to add the amount of that deferred DOI income to Arizona income for the year for which you made the election. If you made the required addition to Arizona income on the Arizona return filed for the year in which you reacquired the debt instrument (2009 or 2010), Arizona will not tax that Arizona source DOI income twice. In the year in which you include that deferred Arizona source DOI income in your federal adjusted gross income, and likewise your Arizona gross income, you may take a subtraction for the amount included for that year. Usually this subtraction will apply to taxable years 2014 through 2018. However, if you had to accelerate the deferral for federal purposes, this subtraction may apply to a taxable year prior to 2014. On line D31, enter the amount of previously deferred Arizona source DOI income that you included in your Arizona gross income for the current taxable year to the extent that the amount was previously added to your Arizona income.

**L. Original Issue Discount (OID) on Reacquisition of Debt Instrument**

For federal purposes, when a taxpayer made the special election to defer DOI income under IRC § 108(i), the taxpayer was not allowed to take a deduction with respect to the portion of any OID that accrued with respect to that DOI income, during the income deferral period. In this case, the taxpayer must deduct the aggregate amount of the OID deductions disallowed ratably over a 5-year period, beginning with the period in which the income is includible in federal adjusted gross income.

Arizona did not adopt the federal provisions requiring a taxpayer to defer the OID deduction in cases where the taxpayer federally deferred the DOI income under IRC § 108(i). For Arizona purposes, you were required to add the amount of deferred Arizona source DOI income to Arizona gross income on the return filed for the year in which you reacquired the debt instrument. Since Arizona taxed the federally deferred Arizona source income for 2009 or 2010 on your 2009 or 2010 Arizona return, you may subtract the amount of OID that accrued during the taxable year with respect to that Arizona source DOI income. On line D31, enter the amount of any OID related to that Arizona source income that was deferred and not allowed to be deducted in computing your federal adjusted gross income for 2012 under IRC § 108(i).

**M. Sole Proprietorship Income of an Arizona Nonprofit Medical Marijuana Dispensary included in Federal Adjusted Gross Income**

If you are registered as an Arizona sole proprietorship with the Arizona Department of Health Services to operate in this state as a nonprofit medical marijuana dispensary, you may subtract the amount of the income from the dispensary that is included in the computation of your federal adjusted gross income. Include the amount of the income on line D31.

**NOTE:** *If the Arizona nonprofit medical marijuana dispensary is registered with the Arizona Department of Health Services as anything other than a sole proprietorship, this subtraction does not apply.*

**N. Other Adjustments**

Other special adjustments may be necessary. Call one of the numbers listed on the back cover if any of the following apply.

- You are a previously certified defense contractor that elected to amortize under A.R.S. § 43-1024.
- You sold or disposed of property that was held for the production of income subject to Arizona tax and your basis was computed under the Arizona Income Tax Act of 1954.
- You deferred exploration expenses determined under IRC § 617 in a taxable year ending before January 1, 1990, and you have not previously taken a subtraction for those expenses.

**Line D32 - Total Subtractions**

Add lines D26 through D31. Enter the total here and on the front of your return on line 17.

**Line E33 - Last Name(s) Used in Prior Years**

Use line E33 if the last name that you are using on this return is not the same as the last name you used on Arizona returns filed for the last 4 years. On line E33, enter any other last name(s) that you used when filing your Arizona return during the last 4 years.

**Totaling Your Income**

**Line 14 - Federal Adjusted Gross Income**

You must complete your federal return before completing your Arizona return. You must complete a 2012 federal return to determine your federal adjusted gross income even if not filing a federal return.

Arizona uses federal adjusted gross income as a starting point to determine Arizona taxable income. Enter your federal adjusted gross income from page 2, line B15.

**Line 15 - Arizona Income**

Enter your Arizona income from page 2, line B16, of your return.

**Line 16 - Additions to Income**

Enter the amount from page 2, line C21, of your return.

**Line 17 - Subtractions From Income**

Enter the amount from page 2, line D32, of your return.

**Line 18 - Arizona Adjusted Gross Income**

Add lines 15 and 16, then subtract line 17 from the sum. You may also complete the following worksheet to figure your Arizona adjusted gross income.

Arizona Adjusted Gross Income Worksheet		
1. Enter the amount from Form 140NR, page 1, line 15.		00
2. Enter the amount from Form 140NR, page 1, line 16		00
3. Add line 1 to line 2. Enter the total.		00
4. Enter the amount from Form 140NR, page 1, line 17.		00
5. Subtract the amount on line 4 from the amount on line 3. Enter the difference here and also on Form 140NR, page 1, line 18.		00

140NR

OR FISCAL YEAR BEGINNING [M,M,D,D,Y,Y,Y,Y] AND ENDING [M,M,D,D,Y,Y,Y,Y] 66

2012

82F [ ] Check box 82F if filing under extension

NO TAPE.

Form header section with fields for: Your First Name and Middle Initial, Last Name, Your Social Security No., Spouse's First Name and Middle Initial, Last Name, Spouse's Social Security No., Current Home Address, Daytime Phone, Home Phone, City, Town or Post Office, State, Zip Code.

Filing Status and Exemptions section. Includes: 4 Married filing joint return, 5 Head of household, 6 Married filing separate return, 7 Single, 8 Age 65 or over, 9 Blind, 10 Dependents. Includes REVENUE USE ONLY area.

Table with 37 rows for income and deductions. Columns include line number, description, and amount. Includes: 11-13 Residency Status, 14 Federal adjusted gross income, 15 Arizona income, 16 Additions to income, 17 Subtractions from income, 18 Arizona adjusted gross income, 19 Deductions, 20 Personal exemptions, 21 Arizona taxable income, 22 Compute the tax, 23 Tax from recapture, 24 Subtotal of tax, 25 Credits, 26 Credit type, 27 Clean Elections Fund, 28 Balance of tax, 29 Arizona income tax withheld, 30 Arizona estimated tax payments, 31 2012 Arizona extension payment, 32 Other refundable credits, 33 Total payments/refundable credits, 34 TAX DUE, 35 OVERPAYMENT, 36 Amount of line 35 to be applied, 37 Balance of overpayment.

Voluntary Gifts section (38-47) and Refund section (48-53). Includes: 38-47 Voluntary Gifts to: Aid to Education, Child Abuse Prevention, I Didn't Pay Enough Fund, Neighbors Helping Neighbors, Veterans' Donations Fund, Arizona Wildlife, Domestic Violence Shelter, National Guard Relief Fund, Special Olympics, Political Gift. 48-53 Refund: 48 Voluntary Political gift, 49 Estimated payment penalty, 50 Check applicable boxes, 51 Total of lines 38 through 47 and 49, 52 REFUND, 53 AMOUNT OWED.

Your Name (as shown on page 1)	Your Social Security No.
--------------------------------	--------------------------

**PART A: Dependents - do not list yourself or spouse**

**A1** List children and other dependents. If more space is needed, attach a separate sheet.

FIRST AND LAST NAME	SOCIAL SECURITY NO.	RELATIONSHIP	NO. OF MONTHS LIVED IN YOUR HOME IN 2012

**A2** Enter total number of persons listed in A1 here and on the front of this form, box 10..... **A2**  

**A3 a** Enter the names of the dependents listed above who do not qualify as your dependent on your federal return:  
 

**b** Enter dependents listed above who were not claimed on your federal return due to education credits:  
 

**PART B: Arizona Percent of Total Income**

**B4** Check box B4 if married and you are the spouse of an active duty military member who qualifies for relief under the Military Spouses Residency Relief Act ..... **B4**

	2012 FEDERAL Amount from Federal Return	2012 ARIZONA Source Amount Only
<b>B5</b> Wages, salaries, tips, etc.....	00	00
<b>B6</b> Interest.....	00	00
<b>B7</b> Dividends.....	00	00
<b>B8</b> Arizona income tax refunds.....	00	00
<b>B9</b> Business income or (loss) from federal Schedule C.....	00	00
<b>B10</b> Gains or (losses) from federal Schedule D.....	00	00
<b>B11</b> Rents, royalties, partnerships, estates, trusts, small business corporations from federal Schedule E.....	00	00
<b>B12</b> Other income reported on your federal return.....	00	00
<b>B13 Total income:</b> Add lines B5 through B12.....	00	00
<b>B14</b> Other federal adjustments. Attach your own schedule.....	00	00
<b>B15</b> Federal adjusted gross income. Subtract line B14 from line B13 in the FEDERAL column.....	00	
<b>B16</b> Arizona income: Subtract line B14 from line B13 in the ARIZONA column. Enter here and on the front of this form on line 15.....		00
<b>B17 Arizona percentage:</b> Divide line B16 by line B15, and enter the result (not over 100%).....		%

**PART C: Additions to Income**

<b>C18</b> I.R.C. §179 expense in excess of allowable amount. Also see the instructions for line D30.....	00
<b>C19</b> Total depreciation included in Arizona gross income.....	00
<b>C20</b> Other additions to income. See instructions and attach your own schedule.....	00
<b>C21 Total:</b> Add lines C18 through C20. Enter here and on the front of this form on line 16.....	00

**PART D: Subtractions From Income**

<b>D22</b> Exemption: Age 65 or over. Multiply the number in box 8, page 1, by \$2,100.....	00
<b>D23</b> Exemption: Blind. Multiply the number in box 9, page 1, by \$1,500.....	00
<b>D24</b> Exemption: Dependents. Multiply the number in box 10, page 1, by \$2,300.....	00
<b>D25</b> Total exemptions: Add lines D22 through D24.....	00
<b>D26</b> Multiply line D25 by the percentage on line B17, and enter the result.....	00
<b>D27</b> Interest on U.S. obligations such as U.S. savings bonds and treasury bills included in the ARIZONA column.....	00
<b>D28</b> Arizona state lottery winnings included on line B12 in the ARIZONA column (up to \$5,000 only).....	00
<b>D29</b> Agricultural crops contributed to Arizona charitable organizations.....	00
<b>D30</b> Adjustment for I.R.C. §179 expense not allowed.....	00
<b>D31</b> Other subtractions from income. See instructions and attach your own schedule.....	00
<b>D32 Total:</b> Add lines D26 through D31. Enter here and on the front of this form on line 17.....	00

**Part E: Last Name(s) Used in Prior Years – if different from name(s) used in current year**

**E33**  

<b>PLEASE SIGN HERE</b>	I have read this return and any attachments with it. Under penalties of perjury, I declare that to the best of my knowledge and belief, they are true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
	<b>→</b> YOUR SIGNATURE _____	DATE _____	OCCUPATION _____
	<b>→</b> SPOUSE'S SIGNATURE _____	DATE _____	SPOUSE'S OCCUPATION _____
	PAID PREPARER'S SIGNATURE _____	DATE _____	FIRM'S NAME (PREPARER'S IF SELF-EMPLOYED) _____
	PAID PREPARER'S TIN _____	PAID PREPARER'S ADDRESS _____	PAID PREPARER'S PHONE NO. ( ) _____

If you are sending a payment with this return, mail to Arizona Department of Revenue, PO Box 52016, Phoenix, AZ, 85072-2016.  
 If you are expecting a refund or owe no tax, or owe tax but are not sending a payment, mail to Arizona Department of Revenue, PO Box 52138, Phoenix, AZ, 85072-2138.

140NR

OR FISCAL YEAR BEGINNING [M,M,D,D,Y,Y,Y,Y] AND ENDING [M,M,D,D,Y,Y,Y,Y] 66

2012

82F [ ] Check box 82F if filing under extension

NO TAPE.

Form header section with fields for: Your First Name and Middle Initial, Last Name, Your Social Security No., Spouse's First Name and Middle Initial, Last Name, Spouse's Social Security No., Current Home Address, Daytime Phone, Home Phone, City, Town or Post Office, State, Zip Code.

Filing Status and Exemptions section. Includes: 4 Married filing joint return, 5 Head of household, 6 Married filing separate return, 7 Single, 8 Age 65 or over, 9 Blind, 10 Dependents. Includes REVENUE USE ONLY area.

Table with 37 rows for income and deductions. Columns include line number, description, and amount. Includes: 11-13 Residency Status, 14 Federal adjusted gross income, 15 Arizona income, 16 Additions to income, 17 Subtractions from income, 18 Arizona adjusted gross income, 19 Deductions, 20 Personal exemptions, 21 Arizona taxable income, 22 Compute the tax, 23 Tax from recapture, 24 Subtotal of tax, 25 Credits, 26 Credit type, 27 Clean Elections Fund, 28 Balance of tax, 29 Arizona income tax withheld, 30 Arizona estimated tax payments, 31 2012 Arizona extension payment, 32 Other refundable credits, 33 Total payments/refundable credits, 34 TAX DUE, 35 OVERPAYMENT, 36 Amount of line 35 to be applied, 37 Balance of overpayment.

Voluntary Gifts section (38-47) and Refund section (48-53). Includes: 38-47 Voluntary Gifts to: Aid to Education, Child Abuse Prevention, I Didn't Pay Enough Fund, Neighbors Helping Neighbors, Veterans' Donations Fund, Arizona Wildlife, Domestic Violence Shelter, National Guard Relief Fund, Special Olympics, Political Gift. 48-53 Refund: 48 Voluntary Political gift, 49 Estimated payment penalty, 50 Check applicable boxes, 51 Total of lines 38 through 47 and 49, 52 REFUND, 53 AMOUNT OWED.

Your Name (as shown on page 1)	Your Social Security No.
--------------------------------	--------------------------

**PART A: Dependents - do not list yourself or spouse**

**A1** List children and other dependents. If more space is needed, attach a separate sheet.

FIRST AND LAST NAME	SOCIAL SECURITY NO.	RELATIONSHIP	NO. OF MONTHS LIVED IN YOUR HOME IN 2012

**A2** Enter total number of persons listed in A1 here and on the front of this form, box 10..... **A2**  

**A3 a** Enter the names of the dependents listed above who do not qualify as your dependent on your federal return:

\_\_\_\_\_

**b** Enter dependents listed above who were not claimed on your federal return due to education credits:

\_\_\_\_\_

**PART B: Arizona Percent of Total Income**

**B4** Check box B4 if married and you are the spouse of an active duty military member who qualifies for relief under the Military Spouses Residency Relief Act ..... **B4**

	2012 FEDERAL Amount from Federal Return		2012 ARIZONA Source Amount Only	
<b>B5</b> Wages, salaries, tips, etc.....	<b>B5</b>	00		00
<b>B6</b> Interest.....	<b>B6</b>	00		00
<b>B7</b> Dividends.....	<b>B7</b>	00		00
<b>B8</b> Arizona income tax refunds.....	<b>B8</b>	00		00
<b>B9</b> Business income or (loss) from federal Schedule C.....	<b>B9</b>	00		00
<b>B10</b> Gains or (losses) from federal Schedule D.....	<b>B10</b>	00		00
<b>B11</b> Rents, royalties, partnerships, estates, trusts, small business corporations from federal Schedule E.....	<b>B11</b>	00		00
<b>B12</b> Other income reported on your federal return.....	<b>B12</b>	00		00
<b>B13 Total income:</b> Add lines B5 through B12.....	<b>B13</b>	00		00
<b>B14</b> Other federal adjustments. Attach your own schedule.....	<b>B14</b>	00		00
<b>B15</b> Federal adjusted gross income. Subtract line B14 from line B13 in the FEDERAL column.....	<b>B15</b>	00		
<b>B16</b> Arizona income: Subtract line B14 from line B13 in the ARIZONA column. Enter here and on the front of this form on line 15.....			<b>B16</b>	00
<b>B17 Arizona percentage:</b> Divide line B16 by line B15, and enter the result (not over 100%).....			<b>B17</b>	%

**PART C: Additions to Income**

<b>C18</b> I.R.C. §179 expense in excess of allowable amount. Also see the instructions for line D30.....	<b>C18</b>	00
<b>C19</b> Total depreciation included in Arizona gross income.....	<b>C19</b>	00
<b>C20</b> Other additions to income. See instructions and attach your own schedule.....	<b>C20</b>	00
<b>C21 Total:</b> Add lines C18 through C20. Enter here and on the front of this form on line 16.....	<b>C21</b>	00

**PART D: Subtractions From Income**

<b>D22</b> Exemption: Age 65 or over. Multiply the number in box 8, page 1, by \$2,100.....	<b>D22</b>	00
<b>D23</b> Exemption: Blind. Multiply the number in box 9, page 1, by \$1,500.....	<b>D23</b>	00
<b>D24</b> Exemption: Dependents. Multiply the number in box 10, page 1, by \$2,300.....	<b>D24</b>	00
<b>D25</b> Total exemptions: Add lines D22 through D24.....	<b>D25</b>	00
<b>D26</b> Multiply line D25 by the percentage on line B17, and enter the result.....	<b>D26</b>	00
<b>D27</b> Interest on U.S. obligations such as U.S. savings bonds and treasury bills included in the ARIZONA column.....	<b>D27</b>	00
<b>D28</b> Arizona state lottery winnings included on line B12 in the ARIZONA column (up to \$5,000 only).....	<b>D28</b>	00
<b>D29</b> Agricultural crops contributed to Arizona charitable organizations.....	<b>D29</b>	00
<b>D30</b> Adjustment for I.R.C. §179 expense not allowed.....	<b>D30</b>	00
<b>D31</b> Other subtractions from income. See instructions and attach your own schedule.....	<b>D31</b>	00
<b>D32 Total:</b> Add lines D26 through D31. Enter here and on the front of this form on line 17.....	<b>D32</b>	00

**Part E: Last Name(s) Used in Prior Years – if different from name(s) used in current year**

**E33** \_\_\_\_\_

<b>PLEASE SIGN HERE</b>	I have read this return and any attachments with it. Under penalties of perjury, I declare that to the best of my knowledge and belief, they are true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
	<b>→</b> _____	DATE _____	OCCUPATION _____
	<b>→</b> _____	DATE _____	SPOUSE'S OCCUPATION _____
	PAID PREPARER'S SIGNATURE _____	DATE _____	FIRM'S NAME (PREPARER'S IF SELF-EMPLOYED) _____
	PAID PREPARER'S TIN _____	PAID PREPARER'S ADDRESS _____	PAID PREPARER'S PHONE NO. ( ) _____

If you are sending a payment with this return, mail to Arizona Department of Revenue, PO Box 52016, Phoenix, AZ, 85072-2016.  
 If you are expecting a refund or owe no tax, or owe tax but are not sending a payment, mail to Arizona Department of Revenue, PO Box 52138, Phoenix, AZ, 85072-2138.

**ARIZONA SCHEDULE  
A(NR)**

**Itemized Deductions  
For Nonresidents**

**2012**

**Attach to your return.**

Your Name as shown on Form 140NR	Your Social Security Number
Spouse's Name as shown on Form 140NR	Spouse's Social Security Number

**Adjustment to Medical and Dental Expenses**

1	Medical and dental expenses .....	1		00
2	Amount of medical savings account (MSA) distributions used to pay qualified medical expenses included on line 1 .....	2		00
3	Medical expenses allowed to be taken as a federal itemized deduction .....	3		00
4	Add line 2 and line 3, and enter the result .....	4		00
5	If line 1 is the same as or more than line 4, subtract line 4 from line 1; otherwise, go to line 6 .....	5		00
6	If line 4 is more than line 1, subtract line 1 from line 4 .....	6		00

**Adjustment to Interest Deduction**

7	If you received a federal credit for interest paid on mortgage credit certificates (from federal Form 8396), enter the amount of mortgage interest you paid for 2012 that is equal to the amount of your 2012 federal credit .....	7		00
---	--	---	--	----

**Adjustment to Gambling Losses**

8	Wagering losses allowed as a federal itemized deduction .....	8		00
9	Total gambling winnings included in your federal adjusted gross income .....	9		00
10	Arizona lottery subtraction from Form 140NR, page 2, line D28 .....	10		00
11	Maximum allowable gambling loss deduction: Subtract line 10 from line 9 .....	11		00
12	If line 11 is less than line 8, subtract line 11 from line 8; otherwise enter "zero" .....	12		00

**Adjustment to Charitable Contributions**

13	Amount of charitable contributions for which you are taking a credit under Arizona law .....	13		00
----	--	----	--	----

**Itemized Deductions**

14	Add the amounts on lines 5 and 7 .....	14		00
15	Add the amounts on lines 6, 12 and 13 .....	15		00
16	Total federal itemized deductions allowed to be taken on federal return .....	16		00
17	Enter the amount from line 14 above .....	17		00
18	Add lines 16 and 17 .....	18		00
19	Enter the amount from line 15 above .....	19		00
20	Adjusted itemized deductions: Subtract line 19 from line 18 .....	20		00
21	Enter your Arizona percentage from Form 140NR, page 2, line B17 .....	21		%
22	Arizona itemized deductions: Multiply line 20 by the percentage on line 21. Enter the result here and on Form 140NR, page 1, line 19 .....	22		00



**You must attach a copy of federal Form 1040, Schedule A to your return if you itemize your deductions on your Arizona return.**

# 2012 Form 140NR Schedule A(NR) Itemized Deductions

## For Nonresidents Only

Before you complete this form, you must complete a federal Form 1040, Schedule A.

Even if you don't itemize deductions on your federal return, you must attach a copy of the federal Form 1040, Schedule A, to this form.

The itemized deductions allowed for Arizona purposes are those itemized deductions that are allowable under the Internal Revenue Code (IRC). As an Arizona nonresident, you must prorate these deductions by the percentage which your Arizona gross income is to your federal adjusted gross income.

In some cases, the amount allowed for medical and dental expenses, mortgage interest, gambling losses, and charitable contributions may be different for Arizona purposes than for federal purposes. You must complete lines 1 through 13 if any of the following apply.

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 claiming a subtraction for Arizona lottery winnings.
4. You are claiming a credit for a charitable contribution for which you are also taking a credit under Arizona law.

If any of the above items apply, complete lines 1 through 13 as instructed below.

## Medical and Dental Expenses

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

### Line 1 -

Enter the total of your medical and dental expenses after you reduce these expenses by any payments received from insurance or other sources. Do not reduce the amount you enter on line 1 by amounts paid from a Medical Savings Account (MSA). Do not include insurance premiums you paid through an employer-sponsored health insurance plan (cafeteria plan) unless your employer included the premiums in Box 1 of your Form(s) W-2. Also do not include any other medical and dental expenses paid by the plan unless the amount paid is included in Box 1 of your Form(s) W-2. If self-employed, do not include any amount paid for health insurance that you deducted in computing your federal adjusted gross income. The medical and dental expenses for Arizona purposes are the same as for federal purposes.

### Line 2 -

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

### Lines 3 through 6 -

Complete lines 3 through 6 as instructed on the form.

## Interest Paid on Mortgage Credit Certificates

### Line 7 -

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

If you received a federal credit for interest paid on mortgage credit certificates (from federal Form 8396), you may deduct some of the mortgage interest you paid for 2012 that you could not deduct for federal purposes.

## Gambling Losses

### Lines 8 through 12 -

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

You can deduct wagering losses only to the extent of wagering gains. If you take a subtraction for Arizona lottery winnings, you may have to adjust your deduction for gambling losses.

Complete lines 8 through 12 as instructed on the form.

## Gifts to Charity

### Line 13 -

*Skip line 13 if you are **not** taking a credit for any of your charitable contributions.*

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

For Example:		
If you claimed a credit on Arizona Form:	For contributions made to a:	You must make an entry here if you deducted the amount contributed as an itemized deduction on federal Form 1040, Schedule A.
321	Qualifying Charitable Organizations	
322	Contributions Made or Fees Paid to Public School	
323	School Tuition Organization	
331	School Site Donation	
340	Donation to Military Family Relief Fund	
348	Certified School Tuition Organization	

If you claimed a private school tuition credit on your 2011 return for a contribution that you made during 2012 (see Arizona Form 323), you must make this adjustment on your 2012 return, even though you claimed the credit on your 2011 return.

If you are claiming a credit on your 2012 return for a contribution made during 2013 (see Arizona Forms 323 and 348), you must make this adjustment on your 2013 return, even though you are claiming the credit on your 2012 return.

## Adjusted Itemized Deductions

### Lines 14 through 22 -

Complete lines 14 through 22 as instructed on the form.

NO TAPE.

Application for Filing Extension For Individual Returns Only

OR FISCAL YEAR BEGINNING [M,M,D,D] [Y,Y,Y,Y] AND ENDING [M,M,D,D] [Y,Y,Y,Y]. [66]

Form fields for personal information: Your First Name and Middle Initial, Last Name, Your Social Security No., Spouse's First Name and Middle Initial, Last Name, Spouse's Social Security No., Present Home Address, Apt. No., Daytime Phone, Home Phone, City, Town or Post Office, State, Zip Code.

Enter your SSN(s).

Check box 1 if you are a first time Arizona income tax return filer..... 1 [ ]

- Resident Personal Income Tax Forms - Check only one box:
[ ] 140 [ ] 140A [ ] 140EZ [ ] 140PTC [ ] 140ET
[ ] Part-Year Resident Personal Income Tax, Form 140PY
[ ] Nonresident Personal Income Tax, Form 140NR

REVENUE USE ONLY. DO NOT MARK IN THIS AREA. [88] [81] [80]

All extension requests must be postmarked on or before the original due date of the return, unless the original due date falls on a Saturday, Sunday, or legal holiday. An Arizona extension cannot be granted for more than six months beyond the original due date of the return.

CHECK ONE BOX:

Individual Calendar Year Filers (filing Forms 140, 140A, 140EZ, 140NR, 140PY, 140PTC or 140ET)
Individual Fiscal Year Filers (automatic 6-month extension period)
A federal extension will be used to file this tax return. This form is being used to transmit the Arizona extension payment.

Table with columns: Fiscal Tax Year Ending, Return Due Date. Return Due Date: October 15, 2013.

Table with 7 rows for tax liability and payments. Line 1: Tax liability for 2012. Line 2: Arizona income tax withheld. Line 3: Arizona estimated tax payments. Line 4: Credits. Line 5: Add lines 2 through 4. Line 6: Balance of Tax. Line 7: Enter the amount of payment.

- Make check payable to Arizona Department of Revenue and write your SSN on your payment.
Attach your payment to the lower left corner of this page.

IMPORTANT: If you are filing under a federal extension but are making an Arizona extension payment by credit card or electronic payment, do not mail Form 204 to us. We will apply your estimated tax payment to your account.

STAPLE PAYMENT HERE. NO TAPE.

---

## Use of Form 204

---

Leave the paper behind and e-file your Arizona extension request. Visit [www.azdor.gov](http://www.azdor.gov) for e-file requirements.

Use Form 204 to apply for an extension of time to file an Arizona Form 140, 140A, 140EZ, 140ET, 140PTC, 140PY, or 140NR. Individuals use this form to apply for an automatic six (6) month extension.

If you are using Form 204 to request a filing extension for a composite return, enter the partnership's or S corporation's employer identification number (EIN) in the area designated for an individual's social security number (SSN).

Also, use Form 204 to remit an extension payment whether you are requesting an Arizona extension or using a valid federal extension. However, if you are filing under a federal extension, but making an electronic extension payment or making an extension payment using a credit card, you do not need to send in Form 204.

Arizona will accept your federal extension for the period covered by the federal extension.

---

## When to File

---

For 2012, you must file Form 204 by April 15, 2013 (or by the original due date of your return).

Complete Form 204 to request an automatic six (6) month extension. Mark your envelope "Extension Request."

If you are sending a payment with this request, mail the request to:

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

If you are not sending a payment with your request, mail the request to:

Arizona Department of Revenue  
PO Box 52138  
Phoenix, AZ 85072-2138

The department will not return a copy of the Form 204 to you. Be sure to keep a copy of the completed Form 204.

**An extension does not extend the time to pay your income tax.** You must still pay your tax liability by April 15 (or by the original due date of your return). If you do not pay at least 90% (.90) of the income tax liability disclosed by your return by the return's original due date, you will be subject to the extension underpayment penalty. We charge interest from the original due date to the date of payment.

**Extension Underpayment Penalty:** We impose this penalty if you do not pay at least 90% (.90) of the income tax liability shown on your return filed under an extension by the return's original due date. The extension underpayment penalty is  $\frac{1}{2}$  of 1% (.005) of the income tax not paid for each 30-day period or fraction of a 30-day period. We impose this penalty from the original due date of the return until you pay the tax. The extension underpayment penalty cannot exceed 25% (.25) of the unpaid income tax. If we charge you the extension underpayment penalty, we will not charge you the late payment penalty under Arizona Revised Statutes (A.R.S.) § 42-1125(D).

---

## Nonresident Aliens

---

The due date for your Arizona return is not the same as the due date for your federal return. Your Arizona return is due

by April 15 even though your federal return is due on June 15. If you want to file your Arizona return after April 15, you must ask for a filing extension. You must file this request by April 15. Arizona will allow up to a 6-month extension. This will allow you to file your return by October 15, 2013.

If you have a federal 6-month extension, you can file your Arizona return under that extension. If you file using your federal extension, Arizona will also allow you an extra 6 months. Because we will allow only 6 months, the due date for your Arizona return is not the same as the due date for your federal return. In this case, your Arizona return will be due by October 15 even though your federal return will not be due until December 15. If you file your 2012 Arizona calendar return after October 15, 2013, your return will be late.

---

## Making Your Payment

---

Individuals may make extension payments by check, electronic check, money order, or credit card. Partnerships or S corporations making an extension payment on behalf of nonresidents participating in the filing of a composite return must make those payments by check or money order.

### Check or money order

If paying by check or money order, make your check or money order payable to Arizona Department of Revenue. Write your SSN and **2012 extension** on the **front** of your check or money order. Attach your check to the front of Form 204 where shown.

### Electronic payment from your checking or savings account

You can make an electronic payment from your checking or savings account to pay your balance due for 2012. There is no fee to use this method. To make an electronic payment, go to [www.aztaxes.gov](http://www.aztaxes.gov) click on the "Make a Payment" link. The "E-Check" option in the "Payment Method" drop-down box will debit the amount from the checking or savings account that you specify. If you make an electronic payment from your checking or savings account, you will receive a confirmation number. **Please keep this confirmation number as proof of payment.**

***NOTE:** You may not make an electronic payment from your checking or savings account if the payment will ultimately be coming from a foreign account. In this case, you must pay by check or money order.*

### Credit card payment

You can pay with your Visa, MasterCard, Discover, or American Express credit card. Go to [www.aztaxes.gov](http://www.aztaxes.gov) and click on the "Make a Payment" link and choose the credit card option. This will take you to a third party vendor site (provider). The provider **will charge** you a convenience fee based on the amount of your tax payment. The provider will tell you what the fee is during the transaction; you will have the option to continue or cancel the transaction. If you complete the credit card transaction, you will receive a confirmation number. **Please keep this confirmation number as proof of payment.**

---

## Instructions Before Mailing

---

Make sure that you have completed all the information requested on the **front** of the form.

To avoid an extension underpayment penalty, make sure you pay at least 90% (.90) of your Arizona tax liability.

## FOR PEACE OF MIND...E-FILE



Direct Payment Option  
Faster Refunds – with Direct Deposit  
Proof DOR received your return...Peace of Mind

**Ask Your Tax Professional, or  
Do-It-Yourself using the Internet**

[www.azdor.gov](http://www.azdor.gov)



Arizona wants to reunite you  
with your unclaimed, lost or  
forgotten assets.

- Uncashed, payroll, dividend or cashier's checks
- Stocks, mutual fund accounts, bonds
- Bank accounts and safe deposit box contents
- Insurance proceeds
- Court deposits, trust funds, escrow accounts

To find out if we have unclaimed property for you  
visit our web site [www.azunclaimed.gov](http://www.azunclaimed.gov)

State of Arizona Unclaimed Property Unit, (602) 364-0380 Toll Free 1-877-492-9957

## Free Tax Help



Free Federal and State Tax  
Preparation for taxpayers who are:

- Elderly
- Americans with Disabilities
- Low Income

For Locations, call:

Phoenix Area..... 602-263-8856  
Elsewhere in AZ ..... 800-352-3792  
TDD/TYY AZ Relay ..... 800-367-8939

[www.cir.org](http://www.cir.org)

Community  
Partnership



**Community  
Information &  
Referral**

Bringing People and Services Together Since 1964

**7  
D  
A  
Y  
S**

Refunds within 7 to 10  
days when you E-File and  
select the Direct Deposit  
option



## DO YOU QUALIFY FOR AN ARIZONA TAX CREDIT?

You may claim the **FAMILY TAX CREDIT** if:

- your income is \$31,000 or less for Married Filing Joint
- your income is \$26,575 or less for Head of Household
- your income is \$10,000 or less for Single

**UP TO \$240**

You may claim the **INCREASED EXCISE TAX CREDIT** if:

- you are an Arizona resident
- you are not claimed as a dependent by any other taxpayer
- your federal adjusted gross income was \$ 25,000 or less (\$12,500 if single)
- you were not sentenced for at least 60 days of 2012 to a county, state or federal prison

Up to  
**\$100**  
per household

## Figuring Your Arizona Tax

### Line 19 - Itemized or Standard Deductions

You must decide whether to take the standard deduction or to itemize your deductions. Your Arizona income tax will be less if you take the larger of your standard deduction or your itemized deductions.

 When you **e-file**, the software completes the math for you.

### Your Standard Deduction

**Caution:** *You must prorate the standard deduction.*

Nonresident individuals, who claim the standard deduction, must prorate the deduction by the percentage which the taxpayer's Arizona gross income is of the taxpayer's federal adjusted gross income. This will in effect prorate the standard deduction between income taxable to Arizona and income not taxable to Arizona and allow only that portion of the deduction allocable to income taxable to Arizona.

If you take the standard deduction, check box 19S.

If your filing status is:	Your standard deduction prior to prorating is:
• Single	\$4,833
• Married filing separate	\$4,833
• Married filing joint	\$9,665
• Head of household	\$9,665

1. Amount from the standard deduction chart. Enter the amount shown for your filing status.	\$
2. Enter your Arizona percentage from Form 140NR, page 2, line B17.	%
3. Multiply line 1 by the percent on line 2. Enter the result here and on Form 140NR, page 1, line 19. Also check box 19S if you are taking the standard deduction.	\$

### Your Itemized Deduction

You may itemize deductions on your Arizona return even if you do not itemize deductions on your federal return. The itemized deductions allowed for Arizona purposes are those itemized deductions that are allowable under the IRC. As an Arizona nonresident, you must prorate these deductions by the percentage which your Arizona gross income is of your federal adjusted gross income.

To determine your Arizona itemized deductions, complete a federal Form 1040, Schedule A. Then complete the Arizona Form 140NR, Schedule A(NR). If you itemize deductions, check box 19I.

**NOTE:** *If you itemize, you must attach a copy of your federal Schedule A and your Arizona Schedule A(NR) to your Arizona return.*

### Line 20 - Personal Exemptions

Your personal exemption depends on your filing status. See Personal Exemption Chart. Then complete the Personal Exemption Worksheet.

If you checked filing status:	Personal Exemption before proration:
• Single (Box 7)	\$2,100
• Married filing joint return (Box 4) and claiming no dependents (Box 10)	\$4,200
• Married filing joint return (Box 4) and claiming at least one dependent (Box 10 excluding persons listed on Page 2, line A3a)	\$6,300
• Head of household and you are <b>not</b> married (Box 5)	\$4,200
• Head of household and you <b>are</b> a married person who qualifies to file as head of household (Box 5)	\$3,150 or Complete Form 202 <i>Personal Exemption Allocation Election</i> .
• Married filing separate (Box 6) with neither spouse claiming any dependents (Box 10)	\$2,100 or Complete Form 202 <i>Personal Exemption Allocation Election</i> .
• Married filing separate (Box 6) with one spouse claiming at least one dependent (Box 10 excluding persons listed on Page 2, line A3a)	\$3,150 or Complete Form 202 <i>Personal Exemption Allocation Election</i> .

**NOTE:** *For Active Duty Military Personnel Only if you were on active duty in Arizona during 2012, but were a resident of another state, do not prorate your personal exemption. You are allowed a 100% deduction for the personal exemption (to include spouse).*

1. Amount from the personal exemption chart. If you were an active duty military member during 2012, skip lines 2 and 3 and enter this amount on Form 140NR, page 1, line 20. All other taxpayers complete lines 2 and 3.	\$
2. Enter your Arizona percentage from Form 140NR, page 2, line B17.	%
3. Multiply line 1 by the percent on line 2. Enter the result here and on Form 140NR, page 1, line 20.	\$

A married couple who does not claim any dependents may take one personal exemption of \$4,200 (prior to prorating). If the husband and wife file separate returns, either spouse may (prior to prorating) take the entire \$4,200 exemption, or the spouses may divide the \$4,200 (prior to prorating) between them. You and your spouse must complete Form 202 if either you or your spouse claim a personal exemption of more than

\$2,100 (prior to prorating). If you and your spouse do not complete Form 202, you may (prior to prorating) take an exemption of only \$2,100 (one-half of the total \$4,200).

A married couple who claims at least one dependent may take one personal exemption of \$6,300 (prior to prorating). If the husband and wife file separate returns, either spouse may (prior to prorating) take the entire \$6,300 exemption, or the spouses may divide the \$6,300 (prior to prorating) between them. You and your spouse must complete Form 202 if either you or your spouse claim a personal exemption of more than \$3,150 (prior to prorating). If you and your spouse do not complete Form 202, you may (prior to prorating) take an exemption of only \$3,150 (one-half of the total \$6,300).

If you are a married person who qualifies to file as a head of household, you may take the entire \$6,300 (prior to prorating) personal exemption or you may divide the exemption with your spouse. You and your spouse must complete Form 202 if either you or your spouse claim a personal exemption of more than \$3,150 (prior to prorating). If you and your spouse do not complete Form 202, you may (prior to prorating) take an exemption of only \$3,150 (one-half of the total \$6,300).

The spouse who claims more than one-half of the total personal exemption (prior to prorating) must attach the original Form 202 to his or her return. The spouse who claims less than one-half of the total personal exemption (prior to prorating) must attach a copy of the completed Form 202 to his or her return.

#### **Line 21 - Taxable Income**

Subtract lines 19 and 20 from line 18 and enter the difference. Use this amount to calculate your tax using Tax Table X or Y.

#### **Line 22 - Tax Amount**

Enter the tax from Tax Table X or Y.

#### **Line 23 - Tax From Recapture of Credits From Arizona Form 301**

Enter the amount of tax due from recapture of credits from Form 301, Part II, line 35.

#### **Line 24 - Subtotal of Tax**

Add lines 22 and 23.

#### **Line 25 - Nonrefundable Credits From Arizona Form 301 or Forms 321, 322, and 323 if Form 301 is Not Required**

Complete line 25 if you take any of the following credits. Also, make sure that you attach Arizona Form 301 if you are required to complete Form 301, and the appropriate credit form or forms to your return.

1. **Enterprise Zone Credit.** Taxpayers located in a former enterprise zone prior to June 30, 2011, may qualify to claim a second or third year credit for qualified employment positions. See Form 304 for more information.
2. **Environmental Technology Facility Credit.** You may qualify for this credit if your business incurred expenses in constructing a qualified environmental technology manufacturing facility. Use Form 305 to figure this credit.
3. **Military Reuse Zone Credit.** You may qualify for this credit if you have qualifying net increases in full-time employment within a military reuse zone. Use Form 306 to figure this credit.

4. **Recycling Equipment Credit.** The recycling equipment credit allowable to individuals has been repealed. You may not take this credit for taxable years beginning January 1, 2003 or later. However, the repeal did not affect any credit carryover that accrued prior to the repeal. Use Form 307 to figure any allowable credit carryover.

5. **Credit for Increased Research Activities - Individuals.** You may qualify for this credit if you incurred qualified research expenses for research conducted in Arizona. Use Form 308-I to figure this credit.

6. **Credit for Taxes Paid to Another State or Country.** You may qualify for this credit if you paid tax to Arizona and another state or country on the same income. Use Form 309 to figure this credit.

7. **Agricultural Water Conservation System Credit.** You may qualify for this credit if you incurred expenses to purchase and install an agricultural water conservation system in Arizona. Use Form 312 to figure this credit.

8. **Pollution Control Credit.** You may qualify for this credit if you purchased depreciable property used in a trade or business to reduce or prevent pollution. Use Form 315 to figure this credit.

9. **Credit for Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlets.** You may qualify for this credit if you installed solar hot water heater plumbing stub outs or electric vehicle recharge outlets in houses or dwelling units you constructed. The taxpayer that constructed the dwelling may also transfer the credit to a purchaser. Use Form 319 to figure this credit.

10. **Credit for Employment of TANF Recipients.** You may qualify for this credit if you employed TANF recipients during the taxable year. Use Form 320 to figure this credit.

11. **Credit for Contributions to Charities that Provide Assistance to the Working Poor.** You may qualify for this credit if you made contributions to certain charities that provide help to the working poor. Use Form 321 to figure this credit.

12. **Credit for Contributions Made or Fees Paid to Public Schools.** You may qualify for this credit if you paid certain fees to public schools in Arizona. Use Form 322 to figure this credit.

13. **Credit for Contributions to Private School Tuition Organizations.** You may qualify for this credit if you made contributions to a school tuition organization that provides scholarships or grants to qualified schools. Use Form 323 to figure this credit.

14. **Agricultural Pollution Control Equipment Credit.** You may qualify for this credit if you are involved in commercial agriculture and incurred expenses to purchase tangible personal property that is primarily used in your trade or business in Arizona to control or prevent pollution. Use Form 325 to figure this credit.

15. **Credit for Donation of School Site.** You may qualify for this credit if you donated real property and improvements to a school district or a charter school for use as a school or as a site for the construction of a school. Use Form 331 to figure this credit.

16. **Credits for Healthy Forest Enterprises.** You may qualify for these credits if you had net increases in qualified employment positions in a healthy forest enterprise and net training and certifying costs. Use Form 332 to figure these credits.

**17. Credit for Employing National Guard Members.** You may qualify for this credit if you are an employer who has an employee that is a member of the Arizona National Guard if the employee is placed on active duty. Use Form 333 to figure this credit.

**18. Motion Picture Credits.** Motion picture production companies that produce motion pictures, commercials, music videos, or television series completely or partially in Arizona may claim a transferable income tax credit for production costs. To qualify, productions must have been preapproved by the Arizona Commerce Authority by December 31, 2010. See Form 334 for more information.

**19. Credit for Solar Energy Devices - Commercial or Industrial Applications.** This credit is available to taxpayers that install solar energy devices for commercial, industrial, or other nonresidential applications in Arizona. Use Form 336 to figure this credit.

**20. Credit for Investment in Qualified Small Businesses.** You may qualify for this credit if you made an investment in a qualified small business. Use Form 338 to figure this credit.

**21. Credit for Donations to the Military Family Relief Fund.** You may qualify for this credit if you made a cash contribution to the Arizona Military Family Relief Fund during the taxable year. Use Form 340 to figure this credit.

**22. Renewable Energy Production Tax Credit.** You may qualify for this credit if you produced electricity using renewable energy resources. Use Form 343 to figure this credit.

**23. Solar Liquid Fuel Credit.** You may qualify for this credit if you incurred expenses for research and development costs associated with solar liquid fuel. Use Form 344 to figure this credit.

**24. Credit for New Employment.** For taxable years beginning from and after June 30, 2011, you may qualify for this credit if your business had a net increase in qualified employment positions. Use Form 345 to figure this credit.

**25. Additional Credit for Increased Research Activities for Basic Research Payments.** You may qualify for this credit for qualified basic research payments for research conducted in Arizona. Approval by the Department of Revenue is required prior to claiming this credit. Use Form 346 to figure this credit.

**26. Credit for Qualified Health Insurance Plans.** You may qualify for this credit if your business provided qualified health insurance plans or made contributions to health savings accounts (HSA) for its employees who are Arizona residents. Use Form 347 to figure this credit.

**27. Credit for Contributions to Certified School Tuition Organization** (for the amounts that exceed the allowable credit on AZ Form 323). You may qualify for this credit if you made contributions to school tuition organization(s) that exceed the allowable credit amount on AZ Form 323. Use Form 348 to figure this credit.

Compute your credit on the appropriate form. Then complete Form 301 and enter the amount from Form 301, Part II, line 68. The amount on line 25 cannot reduce your tax below zero. These credits are not refundable credits.

Attach Arizona Form 301 along with any supporting documents to your return.

## Line 26 - Credit Type

If you entered an amount on line 25, enter the form number of each credit claimed.	
If you are claiming:	Enter form number:
1. Enterprise Zone Credit	304
2. Environmental Technology Facility Credit	305
3. Military Reuse Zone Credit	306
4. Recycling Equipment Credit	307
5. Credit for Increased Research Activities - Individuals	308
6. Credit for Taxes Paid to Another State or Country	309
7. Agricultural Water Conservation System Credit	312
8. Pollution Control Credit	315
9. Credit for Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlets	319
10. Credit for Employment of TANF Recipients	320
11. Credit for Contributions to Charities That Provide Assistance to the Working Poor	321
12. Credit for Contributions Made or Fees Paid to Public Schools	322
13. Credit for Contributions to Private School Tuition Organizations	323
14. Agricultural Pollution Control Equipment Credit	325
15. Credit for Donation of School Site	331
16. Credits for Healthy Forest Enterprises	332
17. Credit for Employing National Guard Members	333
18. Motion Picture Credits	334
19. Credit for Solar Energy Devices - Commercial or Industrial Applications	336
20. Credit for Investment in Qualified Small Businesses	338
21. Credit for Donations to the Military Family Relief Fund	340
22. Renewable Energy Production Tax Credit	343
23. Solar Liquid Fuel Credit	344
24. Credit for New Employment	345
25. Additional Credit for Increased Research Activities for Basic Research Payments	346
26. Credit for Qualified Health Insurance Plans	347
27. Credit for Contributions to Certified School Tuition Organizations	348

**Line 27 - Clean Elections Fund Tax Credit**

**NOTE:** Arizona laws repealed section 16-954, effective August 2, 2012, which allowed a taxpayer to claim a credit for a donation made to the Citizens Clean Election Fund on the income tax return. If you donated to the fund prior to August 2, 2012, you may take a credit for that contribution.

For 2012, you may claim a credit for:

- Donations made directly to the fund during 2012 but prior to August 2, 2012.
- A donation made to the fund on your 2011 income tax return that you filed prior to August 2, 2012.

Complete the following worksheet to figure your credit.

<b>Worksheet for Calculating the 2012 Clean Elections Fund Tax Credit</b>	
1. Enter the amount donated directly to the fund during 2012 but prior to August 2, 2012.	
2. If you filed your tax return prior to August 2, 2012, enter the amount donated to the fund with your 2011 tax form.	
3. Add line 1 and line 2. Enter the total.	
4. Enter the amount from Form 140NR, page 1, line 24.	
5. Enter the amount from Form 140NR, page 1, line 25.	
6. Subtract line 5 from line 4.	
7. Multiply line 6 by 20% (.20).	
8. Enter \$670 if single, head of household or married filing separately. Enter \$1,340 if married filing joint.	
9. Enter the larger of line 7 or line 8.	
10. Enter the smaller of line 3, line 6, or line 9 here and also on Form 140NR, page 1, line 27.	
<b>NOTE:</b> This credit will only reduce your tax and cannot be refunded. You may not carry forward any amount of unused credit.	

**Line 28 - Balance of Tax**

Subtract lines 25 and 27 from line 24. If the sum of lines 25 and 27 is more than line 24, enter zero on line 28.

**Totaling Payments**

**Line 29 - Arizona Income Tax Withheld**

Enter the Arizona income tax withheld shown on the Form(s) W-2 from your employer. Do not include income taxes withheld by any other state. Attach the Form(s) W-2 after the last page of your return.

**Line 30 - Arizona Estimated Tax Payments for 2012 and Amount Applied From 2011 Return**

Use this line if you did one of the following.

1. Made estimated income tax payments to Arizona for 2012.
2. Applied any of your refund from your 2011 Arizona return to 2012 estimated taxes for Arizona.

Enter the total amount paid and/or applied to 2012 taxes.

**NOTE:** If you made joint Arizona estimated payments for 2012, but are filing separate 2012 Arizona income tax returns, see Arizona Department of Revenue Income Tax Ruling ITR 02-3 at [www.azdor.gov](http://www.azdor.gov).

**Line 31 - 2012 Arizona Extension Payment (Form 204)**

Use this line to report the payment you sent with your extension request or the electronic extension payment you made using [www.aztaxes.gov](http://www.aztaxes.gov).

**Line 32 - Other Refundable Credits**

Enter the total of refundable credits you are claiming from Form 308-I, *Credit for Increased Research Activities - Individuals*, or Form 342, *Credit for Renewable Energy Industry*.

If you enter an amount on this line, be sure you check the box or boxes to show which credits you are claiming. Also, be sure to attach the credit form (308-342 or I) to your return when you file.

**Credit for Increased Research Activities - Individuals (Form 308-I)**

You may qualify for the refundable increased research activities credit if you incurred qualified research expenses for research conducted in Arizona. For more information about this credit, and to see whether you may claim a refund of this credit, see Arizona Form 308-I.

If you are claiming a refund of the increased research activities credit from Form 308-I, enter the amount from Form 308-I, Part IV, line 31.

**Credit for Renewable Energy Industry (Form 342)**

You may qualify for the refundable credit for renewable energy industry if you expanded or located a qualified renewable energy operation in Arizona. For more information about this credit, see Arizona Form 342.

If you are claiming the renewable energy industry credit, from Form 342, enter the amount from Form 342, Part VI, line 18.

**NOTE:** If you are claiming a refundable credit from both Form 308-I and Form 342, add the amount from Form 308-I, Part IV, line 31 to the amount from Form 342, Part VI, line 18 and enter the total on Form 140NR, page 1, line 32.

**Line 33 - Total Payments**

Add lines 29 through 32. Enter the total.

Also, do the following if you computed your 2012 tax under Arizona's claim of right provisions.

1. Write "A.R.S. § 43-1029" and the amount of the prior year tax reduction in the space to the left of your total payment amount.
2. Include the credit for the prior year tax reduction in the total entered on line 33.
3. Attach a schedule explaining the amounts repaid and the computation of the prior year tax reduction.

For more information on Arizona's claim of right provisions, see Arizona Department of Revenue Individual Income Tax Procedure ITP 95-1 at [www.azdor.gov](http://www.azdor.gov).

**Figuring Your Overpayment or Tax Due**

**Line 34 - Tax Due**

If line 28 is more than line 33, you have tax due. Subtract line 33 from line 28. Skip lines 35, 36, and 37.

**Line 35 - Overpayment**

If line 33 is more than line 28, subtract line 28 from line 33. Complete lines 36 and 37.

**Line 36 - Amount of Line 35 to Apply to 2013 Tax**

If you want all or part of your refund applied to next year's Arizona estimated taxes, enter that amount.

**NOTE:** *If you apply any of the amount shown on line 35 to 2013, you cannot use that amount to pay any tax that is later found to be due for 2012. You also may not claim a refund for that amount until you file your 2013 return.*

**Line 37 - Balance of Overpayment**

Subtract line 36 from line 35 to determine your overpayment balance before voluntary gifts and any estimated payment penalty and MSA penalty.

**Making Voluntary Gifts**

You can make voluntary gifts to each of the funds shown below. A gift will reduce your refund or increase the amount due with your return.

**NOTE:** *If you make a gift, you cannot change the amount of that gift later on an amended return.*

**Line 38 - Aid to Education Fund**

You may give some or all of your refund to the Arizona Aid to Education Fund. You may also give more than your entire refund. If you send in additional money with your return, include that amount on line 53. Enter the amount you want to donate on line 38.

Gifts go to the Arizona Assistance for Education Fund. The Arizona Board of Education will distribute money in this fund to school districts.

**Line 39 - Arizona Wildlife Fund**

You may give some or all of your refund to the Arizona Wildlife Fund. You may also give more than your entire refund. If you send in additional money with your return, include that amount on line 53. Enter the amount you want to donate on line 39.

Your gift to the Arizona Wildlife Fund helps protect wildlife in the state. Many species like bald eagles, Apache trout and black-footed ferrets benefit from your gifts to this fund. Gifts are also used to improve areas for watching wildlife statewide.

**Line 40 - Child Abuse Prevention Fund**

You may give some or all of your refund to the Arizona Child Abuse Prevention Fund. You may also give more than your entire refund. If you send in additional money with your return, include that amount on line 53. Enter the amount you want to donate on line 40.

Gifts go to the Arizona Child Abuse Prevention Fund. This fund provides financial aid to community agencies for child abuse prevention programs.

**Line 41 - Domestic Violence Shelter Fund**

You may give some or all of your refund to the Domestic Violence Shelter Fund. You may also give more than your entire refund. If you send in additional money with your return, include that amount on line 53. Enter the amount you want to donate on line 41.

Gifts go to the Domestic Violence Shelter Fund. This fund provides financial aid to shelters for victims of domestic violence.

**Line 42 - I Didn't Pay Enough Fund**

You may give some or all of your refund to the I Didn't Pay Enough Fund. You may also give more than your entire refund. If you send in additional money with your return, include that amount on line 53. Enter the amount you want to donate on line 42.

Gifts that you make to the I Didn't Pay Enough Fund will aid the state by going to the Arizona general fund.

**Line 43 - National Guard Relief Fund**

You may give some or all of your refund to the National Guard Relief Fund. You may also give more than your entire refund. If you send in additional money with your return, include that amount on line 53. Enter the amount you want to donate on line 43.

Gifts go to the National Guard Relief Fund. This fund provides financial aid to families of Arizona National Guard members when the National Guard member is placed on active duty and is serving in a combat zone.

**Line 44- Neighbors Helping Neighbors Fund**

You may give some or all of your refund to the Neighbors Helping Neighbors Fund. You may also give more than your entire refund. If you send in additional money with your return, include that amount on line 53. Enter the amount you want to donate on line 44.

Gifts go to the Neighbors Helping Neighbors Fund. This fund provides eligible recipients with emergency aid in paying energy utility bills and conserving energy.

**Line 45 - Special Olympics Fund**

You may give some or all of your refund to the Special Olympics Fund. You may also give more than your entire refund. If you send in additional money with your return, include that amount on line 53. Enter the amount you want to donate on line 45.

Gifts go to the Special Olympics Fund. This fund helps provide programs of the Arizona Special Olympics.

**Line 46 - Veterans' Donations Fund**

You may give some or all of your refund to the Veterans' Donations Fund. You may also give more than your entire refund. If you send in additional money with your return, include that amount on line 53. Enter the amount you want to donate on line 46.

Gifts go to the Veterans' Donations Fund, which may be used for veterans in Arizona.

**Line 47 - Political Gift**

You may give some or all of your refund to a political party. You may also give more than your entire refund. If you send in additional money with your return, include that amount on line 53. Enter the amount you want to donate on line 47. Gifts go to one of the following political parties.

- Americans Elect
- Democratic
- Green
- Libertarian
- Republican

**Line 48 - Political Party**

Check the box for the political party to which you wish to give. Select only one party. If you do not select a political party, the department will return the amount on line 47.

## Line 49 - Estimated Payment Penalty and MSA Withdrawal Penalty

### Estimated Payment Penalty

**NOTE:** Do not complete Form 221, Underpayment of Estimated Tax by Individuals, if the amount on Form 140NR, page 1, line 29 is more than the amount on Form 140NR, page 1, line 28. If the amount on Form 140NR, page 1, line 29, is more than the amount on Form 140NR, page 1, line 28, skip line 49, unless you must report an MSA penalty.

You must have made Arizona estimated income tax payments during 2012 if:

Your filing status is:	AND	AND
	Your Arizona gross income for 2011 was greater than:	Your Arizona gross income for 2012 exceeded:
Married Filing Joint	\$150,000	\$150,000
Single	\$75,000	\$75,000
Head of Household	\$75,000	\$75,000
Married Filing Separate	\$75,000	\$75,000

If you report as a farmer or fisherman for federal purposes, you were not required to make estimated payments during 2012 if the following apply.

1. You are a calendar year filer. You file your Arizona return by March 1, 2013. You pay in full the amount stated on your return as owed.
2. You are a fiscal year filer. You file your Arizona return by the first day of the third month after the end of your fiscal year. You pay in full the amount stated on your return as owed.

**If the above applies, check box 502 on line 50 and do not complete Form 221.**

An individual who fails to make the required estimated payments is subject to penalty on any estimated tax payment that is late or underpaid.

Complete and attach Form 221, *Underpayment of Estimated Tax by Individuals*, to determine if any penalty is due. Enter the total penalty from Form 221.

### MSA Withdrawal Penalty

You must pay a withdrawal penalty if you made an MSA withdrawal during 2012 and all of the following apply.

1. You have an MSA that qualifies as an MSA under Arizona law.
2. You used the amount withdrawn for purposes other than to pay for qualified medical expenses.
3. You made the withdrawal on a day other than the last business day of the year.
4. The withdrawal is not subject to the federal withdrawal penalty.

The penalty is equal to 10% of the withdrawal. The withdrawal penalty is not subject to abatement. You must remit this penalty with your income tax return filed for the year in which you made the withdrawal.

Multiply the amount of your withdrawal subject to penalty by 10%. Enter the result.

The following withdrawals are not subject to the penalty.

1. Any withdrawal subject to the federal withdrawal penalty.
2. Withdrawals made from your MSA on the last business day of the tax year.
3. Any withdrawal made by an account holder who is at least age 59 1/2 when he or she makes the withdrawal.

**NOTE:** The following are not withdrawals. Do not enter a penalty for any of the following.

- Amounts from the MSA used to pay qualified medical expenses
- A qualified return of excess contributions
- A qualified rollover
- The fair market value of an MSA received by a surviving spouse who was the deceased account holder's named beneficiary

For more information about the above items, see the department's MSA brochure, Pub 542 at [www.azdor.gov](http://www.azdor.gov).

### Line 50 -

**Box 1** - Check box 501 if any of the following applies to you.

1. You checked the box on line 1 of Form 221.
2. You completed the annualized income worksheet on Form 221.
3. You elected to be treated as a nonresident alien on your federal income tax return. You made three estimated payment installments. Your first installment equaled 50% of the total of all of your required installments.

**Box 2** - If you are an individual who for federal purposes reports as a farmer or fisherman, check box 502.

**Box 3** - If you completed and attached Form 221, check box 503.

**Box 4** - If you included an MSA penalty on line 49, check box 504.

## Figuring Your Refund or Tax Due

### Line 52 - Refund

Subtract line 51 from line 37. Enter your refund on line 52 and skip line 53. If less than zero, enter amount owed on line 53.

If you owe money to any Arizona state agency, court, county, incorporated city or town and certain federal agencies, your refund may go to pay some of the debt. If so, the department will let you know by letter.

**Tax Tip:** If you change your address before you get your refund, let the department know. Write to: Refund Desk, Arizona Department of Revenue, 1600 W Monroe, Phoenix, AZ 85007. Include your SSN in your letter.

### Direct Deposit of Refund

Complete the direct deposit line if you want us to directly deposit the amount shown on line 52 into your account at a bank or other financial institution (such as a mutual fund, brokerage firm or credit union) instead of sending you a check.

**NOTE:** Check the box on line 52A if the direct deposit will ultimately be placed in a foreign account. If you check box 52A, do not enter your routing or account numbers. If this box is checked, we will not direct deposit your refund. We will send you a check instead.

### Why Use Direct Deposit?

- You will get your refund fast - even faster if you e-file!

- Payment is more secure since there is no check to get lost.
- It is more convenient. No trip to the bank to deposit your check.
- Saves tax dollars. A refund by direct deposit costs less to process than a check.

**NOTE:** *We are not responsible for a lost refund if you enter the wrong account information. Check with your financial institution to get the correct routing and account numbers and to make sure your direct deposit will be accepted.*

**Routing Number**

**MAKE SURE YOU ENTER THE CORRECT ROUTING NUMBER**

The routing number must be 9 digits. The first 2 digits must be 01 through 12 or 21 through 32. Otherwise, the direct deposit will be rejected and a check will be sent instead. On the sample check below, the routing number is 250250025.

Your check may state that it is payable through a financial institution different from the one at which you have your checking account. If so, **do not** use the routing number on that check. Instead, contact your financial institution for the correct routing number to enter here.

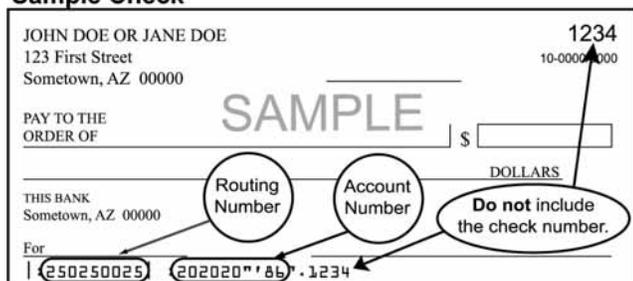
**Account Number**

**MAKE SURE YOU ENTER THE CORRECT ACCOUNT NUMBER**

The account number can be up to 17 characters (both numbers and letters). **DO NOT** include hyphens, spaces or special symbols. Enter the number from left to right and leave any unused boxes blank. On the sample check that follows, the account number is 20202086. Be sure **not** to include the check number.

**NOTE:** *If the direct deposit is rejected, a check will be sent instead.*

**Sample Check**



**Note:** *The routing and account numbers may be in different places on your check.*

**Line 53 - Amount Owed**

Add lines 34 and 51. Enter the amount you owe on line 53. If you are making voluntary donations on lines 38 through 47 in excess of your overpayment, enter the difference on line 53. You may pay only with a check, electronic check, money order, or credit card.

**Check or money order**

**NOTE:** *Attach your check to the front of your return in the lower left hand corner where indicated. Please do not send cash.*

Make your check payable to Arizona Department of Revenue. Write your SSN on the front of your check or money order.

The department cannot accept checks or money orders in foreign currency. You must make payment in U.S. dollars.

**Electronic payment from your checking or savings account**

You can make an electronic payment from your checking or savings account to pay your balance due for 2012. There is no fee to use this method. To make an electronic payment, go to [www.aztaxes.gov](http://www.aztaxes.gov) and click on the "Make a Payment" link. The "E-Check" option in the "Payment Method" drop-down box will debit the amount from the checking or savings account that you specify. If you make an electronic payment from your checking or savings account, you will receive a confirmation number. **Please keep this confirmation number as proof of payment.**

**NOTE:** *You may not make an electronic payment from your checking or savings account if the payment will ultimately be coming from a foreign account. In this case, you must pay by check or money order.*

**Credit card payment**

You can pay with your Discover, MasterCard, Visa, or American Express credit card. Go to [www.aztaxes.gov](http://www.aztaxes.gov) and click on the "Make a Payment" link and choose the credit card option. This will take you to a third party vendor site (provider). The provider **will charge** you a convenience fee based on the amount of your tax payment. The provider will tell you what the fee is during the transaction; you will have the option to continue or cancel the transaction. If you complete the credit card transaction, you will receive a confirmation number. **Please keep this confirmation number as proof of payment.**

**Installment Payments**

If you cannot pay the full amount shown on line 53 when you file, you may ask to make monthly installment payments. To make this request, complete Arizona Form 140-IA and mail the completed form to the address on the Form 140-IA. **Do not mail Form 140-IA with your income tax return.** You may obtain Arizona Form 140-IA from our web site at [www.azdor.gov](http://www.azdor.gov).

If you cannot pay the full amount shown on line 53, you will be charged interest and may be charged a late payment penalty on the tax not paid by April 15, 2013. To limit the interest and penalty charges, pay as much of the tax as possible when you file.

**Sign Your Return**

You must sign your return. If married filing a joint return, both you and your spouse must sign even if only one had income. Form 140NR is not considered a valid return unless you sign it. The department cannot send a refund check without proper signatures on the return.

**Instructions Before Mailing**

- Make sure your SSN is on your return.
- Be sure you enter your home telephone number in the space provided on the front of your return. If your daytime telephone number is not the same as your home number, also enter a daytime number.
- Check to make sure that your math is correct. A math error can cause delays in processing your return.
- Make sure your **name** is on the return. If you received your return in the mail, use the preprinted label. **If the label is not correct, do not use it.**
- If claiming **dependent** exemptions, write the number of dependents claimed on the **front** of the return. On page

2 of the return, write each dependent's name, relationship, SSN, and the number of months that he or she lived in your home.

- Check the **boxes** to make sure you filled in all required boxes.
- If you requested a filing extension, make sure that you check box 82F on page 1 of the return.
- Sign your return and have your spouse sign if filing jointly.
- Write your SSN on the front of your check. Attach your check to the front of your return in the lower left hand corner where indicated.

The Department of Revenue may charge you \$25 for a check returned unpaid by your financial institution.

- Attach **all** required documents. Place these documents to the back of your return. Use just one staple to attach your documents where shown on page 1 of the return. Please do not use tape. Documents you must attach include those items listed in numbers 1 through 4 below.
  1. Attach *Form(s) W-2* after the last page of your return.
  2. Attach Arizona Form 301, applicable credit forms, and your own schedules after page 2 of your return. If itemizing, attach these forms after your Arizona Schedule A and your federal Schedule A.
  3. If claiming a credit for taxes paid to another state or country, attach a copy of the other state's or country's filed return.
  4. If you itemize, be sure to attach Arizona Schedule A (NR) and a copy of the federal Schedule A. Attach the Arizona Schedule A (NR) and the federal Schedule A directly after page 2 of your return. Attach other forms and schedules behind the Schedules A.
- Do not send correspondence with your return.

---

## Filing Your Return

---

Before you mail your return, make a copy of your return. Also, make a copy of any schedules that you are sending in with your return. Keep the copies for your records. Be sure that you mail the original and not a copy.

To mail your return, use the envelope that came in your booklet. To avoid delays, if you are mailing more than one tax return, please use separate envelopes for each return.

---

## Where Should I File My Return?

---

If you are sending a payment with this return, use the white address label attached to the envelope. If the envelope or label is missing, send the return to Arizona Department of Revenue, PO Box 52016, Phoenix, AZ 85072-2016

If you are expecting a refund, or owe no tax, or owe tax but are not sending a payment, use the yellow address label attached to the envelope. If the envelope or label is missing, send the return to Arizona Department of Revenue, PO Box 52138, Phoenix, AZ 85072-2138.

## Make sure you put enough postage on the envelope.

The U.S. Post Office must postmark your return or extension request by midnight April 15. A postage meter postmark will not qualify as a timely postmark. *Only a postmark from the U.S. Post Office will qualify.*

You may also use certain private delivery services designated by the IRS to meet the "timely mailing as timely filed" rule.

---

## How Long To Keep Your Return

---

You must keep your records as long as they may be needed for the administration of any provision of Arizona tax law. Generally, this means you must keep records that support items shown on your return until the period of limitations for that return runs out.

The period of limitations is the period of time in which you can amend your return to claim a credit or refund or the department can assess additional tax. A period of limitations is the limited time after which no legal action can be brought. Usually, this is four years from the date the return was due or filed.

In some cases, the limitation period is longer than four years. The period is six years from when you file a return if you underreport the income shown on that return by more than 25%. The department can bring an action at any time if a return is false or fraudulent, or you do not file a return.

To find out more about what records you should keep, get federal Publication 552.

---

## Where's My Refund

---

If you e-filed, you can expect your refund within 2 weeks of the date you filed. If you filed a paper return, you can expect your refund within 12 weeks of the date you filed.

You can check on your refund by visiting [www.azdor.gov](http://www.azdor.gov) and clicking on "Where's my refund?"

If you have not received your refund within the noted time frames, you may call one of the numbers listed on the back cover. Before you call, be sure to have a copy of your 2012 tax return on hand. You will need to know your SSN, your filing status and your 5-digit Zip code.

## Calling the Department

Your tax information on file with the department is confidential. If you want the department to discuss your tax matters with someone other than yourself, you must authorize the department to release confidential information to that person.

You may use Form 285, General Disclosure/Representation Authorization Form, to authorize the department to release confidential information to your appointee. See Form 285 for details.

**2012**  
**Arizona Tax Tables X and Y**  
**For Form 140NR**

**Table X - Use Table X if your filing status is Single or Married Filing Separate**

(a)		(b)	(c)	(d)	(e)	(f)
If taxable income from Form 140NR, page 1, line 21 is:		Enter the amount from Form 140NR, page 1, line 21	Multiply the amount entered in column (b) by	Enter the result	Subtract	Your tax. Round the difference and enter this amount on Form 140NR, page 1, line 22
Over	But Not over					
\$0	\$10,000	X	.0259 =	-	0.00 =	
\$10,000	\$25,000	X	.0288 =	- \$	29.00 =	
\$25,000	\$50,000	X	.0336 =	- \$	149.00 =	
\$50,000	\$150,000	X	.0424 =	- \$	589.00 =	
\$150,000	and over	X	.0454 =	- \$	1,039.00 =	

**Table Y - Use Table Y if your filing status is Married Filing Joint or Head of Household**

(a)		(b)	(c)	(d)	(e)	(f)
If taxable income from Form 140NR, page 1, line 21 is:		Enter the amount from Form 140NR, page 1, line 21	Multiply the amount entered in column (b) by	Enter the result	Subtract	Your tax. Round the difference and enter this amount on Form 140NR, page 1, line 22
Over	But Not over					
\$0	\$20,000	X	.0259 =	-	0.00 =	
\$20,000	\$50,000	X	.0288 =	- \$	58.00 =	
\$50,000	\$100,000	X	.0336 =	- \$	298.00 =	
\$100,000	\$300,000	X	.0424 =	- \$	1,178.00 =	
\$300,000	and over	X	.0454 =	- \$	2,078.00 =	

# Tax Credits Available

Over 100,000 eligible Arizona families failed to receive thousands of dollars in tax credits because they did not file a tax return. **You may qualify for these special credits when you file your state and federal taxes.**

Tax Year 2012 Earned Income Tax Credit Eligibility Table		
Number of Qualifying Children	Earned Income (less than)	Maximum Credit
0*	\$13,980 (\$19,190 if MFJ)	\$475
1	\$36,920 (\$42,130 if MFJ)	\$3,169
2	\$41,952 (\$47,162 if MFJ)	\$5,236
3 or more	\$45,060 (\$50,270 if MFJ)	\$5,891

\*your age 25 - 64

MFJ = Married Filed Jointly

Tax Year 2012 Child Tax Credit Eligibility Table	
Qualifications	Maximum Credit Amount Per Qualifying Child
Children under the age of 17 years at the end of the 2012 tax year	\$1,000 per child

Parents and children must have Social Security number or ITIN (Individual Taxpayer Identification Number) to claim credit.

Arizona Family Tax Credit Eligibility Table	
Qualifications	Income
Eligibility depends on filing status and number of dependents	\$31,000 or less per year

Arizona Increased Excise Tax Credit Eligibility Table	
Qualifications	Income
Eligibility depends on Arizona residency and filing status	\$25,000 or less per year

## To Qualify!

You must file your state and federal taxes

## How To File!

Get your taxes prepared FREE at one of the community tax assistance sites. The sites will also e-file your taxes; that means a FREE FAST REFUND.

## Where To File!

Call for FREE site locations..... (602) 263-8856  
 From Area Codes 520 and 928 ..... (800) 352-3792  
 TDD/TTY AZ Relay..... (800) 367-8939

Web Site: [www.cir.org](http://www.cir.org)

## Earn it! Keep it! Save it!

- Save for a House
- Save for a Car
- Save for a College Education



**CONTENTS 140NR**

**CREDITS**  
 Clean Elections Fund credit .... 16  
 Credits from Form 301 ..... 14  
 Credit for taxes paid to another state or country ..... 14

**DEDUCTIONS**  
 Itemized deductions ..... 13  
 Standard deduction ..... 13

**EXEMPTIONS**  
 Age 65 or over ..... 5  
 Blind..... 5  
 Children and other dependents..... 5  
 Personal ..... 13

**FILING INFORMATION**  
 Do you have to file ..... 1  
 Estimated tax..... 3  
 Filing extensions..... 2  
 Penalties and interest ..... 2, 3  
 When to file..... 2  
 Where to file ..... 20

**FILING STATUS**  
 All filing statuses ..... 4

**INCOME**  
 Additions to income ..... 7  
 Federal adjusted gross income 12  
 Subtractions from income..... 9

**TAX TABLES**  
 Tables X and Y ..... 21

**QUICK AND EASY ACCESS TO TAX HELP AND FORMS**



**PERSONAL COMPUTER**

You may use a personal computer and modem to get the forms and information you need.

Here is a sample of what you will find when you visit our web site at [www.azdor.gov](http://www.azdor.gov):

- Forms and Instructions
- Brochures
- Tax Rulings and Procedures
- Other General Tax Information



**PHONE**

Information by phone...

**Individual Income Tax:**

Phoenix..... (602) 255-3381  
 Toll-free from area codes 520 and 928..... (800) 352-4090

**Hearing Impaired TDD User:**

Phoenix..... (602) 542-4021  
 Toll-free from area codes 520 and 928..... (800) 397-0256

*Reasonable accommodations for any person with a disability can be made.*

**WALK-IN SERVICE**

You may get forms and information at any of our offices.



We have offices at the following locations:

**Phoenix**  
 1600 West Monroe

**Gilbert**  
 275 East Germann Road  
 Building 2, Suite 180

**Tucson**  
 400 West Congress

**Did You Know?**

Tax software does all the hard work for you! The software:

- Calculates Tax
- Does the Math
- Selects Forms and Schedules
- Makes Complex Returns Simple
- Checks for Errors Before You File
- E-Files the IRS and AZ Returns at the same time
- Gives Proof of E-Filing



[www.azdor.gov](http://www.azdor.gov)

For details & eligibility

**FREE**  
**E-File**  
 Available