

2018 Arizona Withholding Reconciliation Return

For information or help, call one of these numbers:
 Phoenix (602) 255-3381
 From area codes 520 and 928, toll-free (800) 352-4090

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

Withholding Tax Procedures and Rulings
 These instructions may refer to the department's income tax procedures and rulings for more information. To view or print these, go to our website and click on *Reports & Legal Research* then click on *Legal Research* and select a document and a category type from the drop down menus.

Publications
 To view or print the department's publications, go to our website and click on *Reports & Legal Research*. Then click on *Publications*.

General Instructions

Why is Form A1-R filed?

Form A1-R is an annual return filed to summarize the total compensation paid and tax withheld for each employee during the calendar year.

Who Must File Form A1-R

Employers that file Form A1-QRT must file Form A1-R to reconcile the amount of tax withheld during the year to the amount of tax liability reported during the year.

Form A1-R is also used to transmit federal Forms W-2, W-2c, W-2G (with Arizona withholding) and 1099-R (with Arizona withholding).

NOTE: *Employers that file Form A1-APR, Arizona Annual Payment Withholding Tax Return, should not file Form A1-R.*

IMPORTANT: *Arizona Form A1-R is an information return. Do not submit any amount(s) owed or try to claim a refund with this return. To pay additional amounts, or claim a refund, file amended quarterly withholding tax Forms A1-QRT.*

When is Form A1-R Due?

Period in Which Wages Paid	Form A1-R Due By
January - December	January 31 of the following year
<i>If the due date falls on a Saturday, Sunday, or a legal holiday, the return will be considered timely if filed on the next business day. (See General Tax Ruling [GTR] 16-1, Timely Filing of Income or Withholding Tax Returns Through the United States Mail, or GTR 16-2, Timely Filing of Income or Withholding Tax Return – Holidays and Weekends.)</i>	

Filing Original Returns

File this form only on a calendar year basis.

If a paper Form A1-R is filed, attach federal Forms W-2, W-2c, W-2G (with Arizona withholding) and 1099-R (with Arizona withholding) to Form A1-R.

If Form A1-R is filed electronically, use Form A1-T to transmit federal Forms W-2, W-2c, W-2G (with Arizona withholding), and 1099-R (with Arizona withholding).

If you cancelled your withholding account during 2019, you may use this form to file your final reconciliation for 2019 before its normal due date of January 31, 2020. If you are filing an early return for 2019, check the box to indicate that this is an early return for 2019.

Extension of Time to File a Return

You may apply for a 30-day extension of time to file Form A1-R. When asking for an extension, you must show good cause. You must file the extension request as soon as you know that you need an extension. The extension request must be mailed on or before January 31. For details on how to request an extension, see WTP 11-1, *Procedure for Requesting Extension of the Filing Deadline for Annual Withholding Tax Returns*.

If you are filing under an extension, include a copy of the extension with Form A1-R.

Filing Amended Returns

If this is an amended Form A1-R, check the "Amended Return" box. Enter the amended amounts in all areas of the form, and explain why an amended return is being filed in Part 4. Include amended federal Forms W-2, W-2c, W-2G, and/or 1099-R with the amended return.

What to do if you close your business

When your business is sold, discontinued, converted to a new form, or all your employees are dismissed, you must notify the department by filing a final return and request the department close your withholding account. Until you request the department cancel your withholding account, your withholding return(s) will continue to be due.

To file your final A1-R:

- Check Box C if you are submitting this form during calendar year 2019 due to an account cancellation during 2019.
- Check Box D if you are cancelling your withholding account due to a merger or acquisition and the surviving employer is filing Forms W-2.
- Complete the remainder of the return to report your Arizona income tax withholding liability for the year in which your account was closed.

Include state copies of Forms W-2, W-2c, W-2G (with Arizona withholding), and 1099-R (with Arizona withholding).

Penalties

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

Sending Federal Forms W-2, W-2c, W-2G (with Arizona withholding), and 1099-R (with Arizona withholding) to the Department

An employer may send Forms W-2, W-2c, W-2G (with Arizona withholding), and 1099-R (with Arizona withholding) to the department by attaching paper copies or optical media to Form A1-R.

NOTE: Only Forms 1099-R that indicate Arizona income tax was withheld are required to be submitted to the department.

If the employer is filing a paper Form A1-R, it must send federal Forms W-2, W-2c, W-2G, and 1099-R (either paper copies or optical media) to the department with Form A1-R.

If the employer is electronically filing Form A1-R, it must send federal Forms W-2, W-2c, W-2G, and 1099-R (either paper copies or optical media) to the department using Form A1-T.

NOTE: If you filed Form A1-R electronically, do not include a paper copy of Form A1-R with the CD/DVD containing optical media. Instead, submit the CD/DVD with Form A1-T.

Optical media

Label the CD-ROM or DVD (CD/DVD) with the employer's name, Employer Identification Number (EIN), calendar year and Form W-2 or Form 1099 (or both, whichever applies). If the CD/DVD is password protected, note that on the label and indicate the email address from which you will be sending the password to the department. Email the password separately to MediaLibrarian@azdor.gov. Include "Form W-2" or "Form 1099" (or both, whichever applies) in the subject line of the email. In the body of the email, include the same information that is on the CD/DVD label.

The department will not return or copy any CD/DVD.

Employers submitting the information on CD/DVD should secure the CD/DVD in a hard case and include it with Form A1-R or Form A1-T.

For more details on sending in federal forms using optical media, see the department's publication, Pub. 701, *Optical Media Reporting*.

CAUTION: The employer submits the CD/DVD at its own risk. If the department cannot access the information on the CD/DVD for any reason, the employer may need to provide the information again.

Specific Instructions

Part 1 – Taxpayer Information

- All returns, statements, or other documents filed with the department must have the taxpayer's Employer Identification Number (EIN) or taxpayer identification number (TIN) indicated on them.
- Taxpayers who fail to include their EIN or TIN may be subject to a penalty.
- Paid tax return preparers must include their TIN where requested.
- The TIN for a paid tax return preparer is:
 - The preparer's PTIN;
 - The EIN of the preparer's employer; or
 - The individual preparer's social security number (SSN).
- Paid tax return preparers who fail to include their TIN may be subject to a penalty.

Employer Information

Enter the employer's name, EIN, address, and telephone number in the spaces provided.

If the employer has a foreign address, enter the information in the following order: city, province or state, and country. Follow the country's practice for entering the postal code. **Do not abbreviate the country's name.**

Check Boxes:

A. Amended Return

If this is an amended Form A1-R, check Box A, "Amended Return". Explain why you are amending the return in Part 4. Include the corrected copies of Forms W-2, W-2c, W-2G (with Arizona withholding), and 1099-R (with Arizona withholding) with your amended Form A1-R.

B. Address Change

If you had an address change since you last filed Form A1-R, check Box B, "Address Change" and enter your current address in Part 1.

C. Early-Filed Return

Check Box C if you cancelled your withholding account during 2019 and are filing your final return during 2019.

D. Cancellation Due to Merger or Acquisition

Check Box D if you cancelled your withholding account due to a merger or acquisition and the surviving employer is filing Forms W-2.

E. Surviving Employer is Filing Form A1-R

Check Box E if Form A1-R is being filed by the surviving employer and the amount on line 1 is less than the amount on line 10 because the difference was remitted by the predecessor employer. Also, enter the predecessor employer name and EIN in the spaces provided.

Part 2 – Federal Transmittal Information

Line 1 –

Enter the total Arizona income tax withheld from Arizona wages paid to employees for 2018. This amount must be the same as shown on federal Forms W-2, W-2c, W-2G, or 1099-R.

Line 2 –

Enter the total Arizona wages paid to employees for 2018.

Line 3 –

Enter the number of employees paid Arizona wages in 2018.

Line 4 –

Enter the total number of federal Forms W-2, W-2c, W-2G, or 1099-R submitted to the department.

Line 5 –

Form A1-R is an information return. An information return that is incomplete or filed after its due date (including extensions) is subject to a penalty of \$100 for each month or fraction of a month, that the failure continues, up to a maximum penalty of \$500. If the employer files this return after its due date (including extensions), enter the amount of the penalty on this line. Payments of the penalty can be made by check or money order, e-check, or credit card.

Tax Payments

Electronic Funds Transfer (EFT)

Employers whose Arizona withholding tax liability for the 2018 calendar year was \$20,000 or more must make Arizona withholding tax payments using EFT. Employers required to

make withholding tax payments by EFT must complete the department's electronic funds transfer authorization agreement at least 30 days prior to their first transaction. Go to AZTaxes.gov to register. Click "Enroll to File and Pay Online." Complete the New User Registration form as directed.

Employers whose Arizona withholding tax liability for the 2018 calendar year was less than \$20,000 may pay by check, e-check, money order, or credit card. Or they may elect to participate in EFT. Participants in the program must complete the department's EFT authorization agreement at least 30 days prior to their first transaction.

NOTE: For additional information on electronic funds transfer, refer to A.R.S. § 42-1129 and the related Arizona Administrative Code rules (A.A.C. R15-10-301 through R15-10-307) for detailed information.

Check or Money Order

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

Internet Payments

Go to www.AZTaxes.gov to register or to make payments over the Internet.

Electronic payment from checking or savings account

Payments can be made electronically from a checking or savings account. Go to www.AZTaxes.gov and choose the e-check option. There is no fee to use this method. This payment method will debit the amount from the specified checking or savings account on the date specified. If an electronic payment is made from a checking or savings account, a confirmation number will be generated. Please keep this confirmation number as proof of payment.

Credit card payment

Payments can be made by American Express, Discover, MasterCard, or Visa credit cards. Go to www.AZTaxes.gov and choose the credit card option. This will take you to the website of the credit card payment service provider. The service provider will charge a fee based on the amount of the tax payment.

The service provider will disclose the amount of the fee during the transaction and you will be given the option to continue or cancel. If you accept the fee and complete the credit card transaction, a confirmation number will be generated. Please keep this confirmation number as proof of payment.

Part 3 - Annual Summary of Amounts Reported on 2018 Arizona Forms A1-QRT

Lines 6 through 10 –

On lines 6 through 9, enter the amount of tax reported on Form A1-QRT for each quarter. Add the amounts on lines 6 through 9 and enter the total on line 10. The amount entered on line 10 should equal the amount reported on line 1.

If you are filing Form A1-R as a surviving employer (as a result of a merger or acquisition), and the amount on line 1 is more than the amount on line 10 because amounts were remitted by the prior employer, check the box near the top of

Form A1-R to indicate that. Also, enter the name and EIN of the predecessor employer in the space provided.

Part 4 – Explain Why an Amended Form A1-R is Being Filed

If this is an amended return, explain why you are amending Form A1-R.

Underpayment of Tax for 2018

If you find that you have underpaid your tax for 2018, you must file an amended Form A1-QRT for each quarter for which there was an underpayment.

You must send in a separate payment with each amended Form A1-QRT. The department will calculate the amount of interest and any applicable penalties and send a billing notice after the amended return is processed.

Overpayment of Tax for 2018

If you find that you have overpaid your tax for 2018, you must file an amended Form A1-QRT for each quarter for which there was an overpayment.

An overpayment will first be applied to any unpaid tax. This may include tax due for another tax type. If the overpayment is more than any unpaid tax, or if the employer does not have an unpaid balance of tax, a refund will be issued. A refund will not be issued once the overpayment is applied to a tax liability.

Where to Mail Form A1-R

Mail Form A1-R along with Forms W-2, W-2c, W-2G (with Arizona withholding), and 1099-R (with Arizona withholding) to:

Arizona Department of Revenue
PO Box 29009
Phoenix, AZ 85038-9009

Who Must Sign Form A1-R

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

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

Form A1-R may be signed by a duly authorized agent of the taxpayer if a valid power of attorney has been filed.

Paid Preparer Use Only

Paid preparers: Sign and date the return. Complete the firm name and address lines (the paid preparer's name and address, if self-employed). Enter the paid preparer's TIN, which is the firm's EIN or the individual paid preparer's SSN.