

2019 Form 140PY Schedule A(PYN) Itemized Deductions

For Part-Year Residents who also had Arizona source income during the part of the year while an Arizona nonresident.

Before you complete Arizona Form 140PY, Schedule A(PYN), you must complete a federal Form 1040, Schedule A.

You may itemize your deductions on your Arizona return even if you do not itemize deductions on your federal return. For the most part, you can deduct those items that are allowable itemized deductions under the Internal Revenue Code (IRC).

A part-year resident who also has Arizona source income during the part of the year while an Arizona nonresident can deduct **all** of the following:

- Those expenses incurred and paid during the part of the year while an Arizona resident.
- Arizona source itemized deductions incurred and paid during the part of the year while a nonresident.
- A portion of all other itemized deductions paid during the part of the year while a nonresident.

For more information, see the department's ruling, ITR 94-10, *Part-Year Resident Deductions*, at www.azdor.gov.

In some cases, the itemized deductions allowed on your Arizona return are not the same as those allowable under the IRC. The itemized deductions allowed on your Arizona return can differ if any of the following apply:

- You are deducting medical and dental expenses.
- You are claiming a federal credit (from federal Form 8396) for interest paid on mortgage credit certificates.
- You are deducting gambling losses while claiming a subtraction for Arizona lottery winnings.
- You are claiming a credit for any amount allowed as a charitable contribution.

PART 1 - Itemized Deductions for the Period of the Year While an Arizona Resident plus Arizona Source Itemized Deductions for the Period While a Nonresident

Line 1 - Medical and Dental Expenses

Enter the amount of medical and dental expenses incurred and paid while an Arizona resident. Also enter the amount of such expenses from Arizona sources that you incurred and paid during the part of the year that you were a nonresident.

The medical and dental expenses that you can deduct on your Arizona return are the same expenses that you can deduct on your federal return.

Be sure you reduce these expenses by any payments received from insurance or other sources. Do not include the following amounts you paid through an employer-sponsored health insurance plan (cafeteria plan) unless your employer included the amount(s) in Box 1 of your Form W-2.

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

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

Line 2 - Taxes

Enter the amount of taxes allowable on federal Form 1040, Schedule A, that you incurred and paid while an Arizona resident. Also enter the amount of such taxes from Arizona sources that you incurred and paid during the part of the year while a nonresident.

Do not include any state taxes paid to other states for prior years if you were not an Arizona resident for that prior year.

Line 3 - Interest Expense

Enter the amount of interest expense allowable on federal Form 1040, Schedule A, that you incurred and paid while an Arizona resident. Also enter the amount of such interest from Arizona sources that you incurred and paid during the part of the year while a nonresident.

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 2019 that you could not deduct for federal purposes. Include that portion of such interest that you incurred and paid during the part of the year while an Arizona resident.

Do not enter any interest expense that you incurred to purchase or carry U.S. obligations, the income from which is exempt from Arizona income tax.

Line 4 - Gifts to Charity

Enter the amount of gifts to charity allowable on federal Form 1040, Schedule A, that you incurred and paid while an Arizona resident. Also enter the amount of such gifts from Arizona sources that you incurred and paid during the part of the year while a nonresident.

If you claimed a credit for any charitable contribution, do not include any contribution for which you claimed a tax credit.

For Example: (table continued)		
If you claimed a credit on Arizona Form:	For:	You can not claim a deduction on the Arizona Form 140PY, Schedule A (PYN) for the amount of that contribution.
321	Contributions to Qualifying Charitable Organizations	
322	Contributions Made or Fees paid to Public Schools	
323	Contributions to Private School Tuition Organizations	
331	Donation of School Site	
335-I	Contributions made by an S Corporation to a School Tuition Organization - Individual	
340	Donations to the Military Family Relief Fund	

For Example: (table continued)		
341-I	Contributions made by an S Corporation to a School Tuition Organization for Displaced Students or Students with Disabilities - Individual	
348	Contributions to Certified School Tuition Organization - Individual	
352	Contributions to Qualifying Foster Care Charitable Organizations	

If you claimed a credit on your 2018 return for a contribution that you made during 2019 (see Arizona Forms 321, 322, 323, 348 and 352), you must exclude this deduction on your 2019 Arizona return, even though you claimed the credit on your 2018 Arizona return.

If you are claiming a credit on your 2019 return for a contribution made during 2020 (see Arizona Forms 321, 322, 323, 348 and 352), you must exclude this deduction on your 2020 return, even though you are claiming the credit on your 2019 return.

Lines 5 and 6 - Casualty and Theft Losses

Line 5 -

Enter the casualty loss(es) allowable on federal Form.

Line 6 -

Enter the amount of casualty loss shown on line 5 that you incurred and paid while an Arizona resident. Also enter the amount of casualty loss shown on line 5 from Arizona sources that you incurred during the part of the year while a nonresident.

Other Expenses Allowable on Federal Form 1040 Schedule A

Line 7 -

Combine the following amounts and enter the total on line 10.

1. Other expenses that you incurred and paid while an Arizona resident; and
2. Other expenses from Arizona sources that you incurred and paid during the part of the year while a nonresident.

Other expenses may include, but are not limited to:

- Casualty and theft losses of income-producing property reported on federal Forms 4684 or 4797.
- Impairment-related work expenses of a disabled person.

See the instructions for federal Form 1040 Schedule A for other types of expenses.

Line 8 -

Add lines 1, 2, 3, 4, 6, and 7 and enter the total.

PART 2 - Portion of Itemized Deductions Allowable for the Part of the Year While a Nonresident

Adjustment to Medical and Dental Expenses

Line 9 -

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 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 your employer included the amount paid 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 10 -

Enter the amount of medical and dental expenses allowed to be taken as a federal itemized deduction.

Lines 11 -

If line 9 is the same as or more than line 10, subtract line 10 from line 9 and enter the difference. Otherwise, go to line 12.

Line 12 -

If line 10 is more than line 19, subtract line 9 from 10 and enter the difference.

Adjustment to Interest Deduction

Line 13 -

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 2019 that is equal to the amount of your 2019 federal credit.

Adjustment to Charitable Contributions

Line 14 -

Enter the total amount of charitable contributions for which you are taking a credit under Arizona law. For a list of tax credits, see page 3.

