

2012 Arizona Exempt Organization Annual Information Return

Obtain additional information or assistance by calling one of the numbers listed below:

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

Obtain tax rulings, tax procedures, tax forms and instructions, and other tax information by accessing the department's Internet home page at www.azdor.gov.

General Instructions

Organizations Which Must File Form 99 or a Copy of the Federal Return of Organization Exempt From Income Tax

Most organizations that have tax exempt status under Arizona Revised Statutes (ARS) § 43-1201(A) must file Form 99 or a copy of the organization's federal return of organization exempt from income tax *only if their gross income exceeds \$25,000*.

NOTE: *HB 2212 (2012) provides that returns are only required if the organization's gross receipts exceed \$50,000 for taxable years ending after August 2, 2012. "Gross receipts" means the total amount the organization received from all sources during its annual tax year without subtracting any costs or expenses.*

However, the following exempt organizations do not have to file Form 99 or a copy of the organization's federal return of organization exempt from income tax *regardless of the amount of gross income (or gross receipts, for taxable years that end after August 2, 2012):*

- A religious organization exempt under ARS § 43-1201(A)(4). The organization must be organized exclusively for religious purposes. No part of the organization's net earnings may inure to the benefit of any private shareholder or individual. No substantial part of the organization's activities may be carrying on propaganda or otherwise attempting to influence legislation.
- An educational organization exempt under ARS § 43-1201(A)(4). The organization must normally maintain a regular faculty and students in attendance at the place where its educational activities are regularly conducted.
- A charitable organization or an organization for the prevention of cruelty to children or animals, exempt under ARS § 43-1201(A)(4). The organization must receive its support, in whole or in part, from funds contributed by the United States, or any state or political subdivision thereof, or receive its primary support from contributions of the general public.
- An organization exempt under ARS § 43-1201(A)(4), if the operation, supervision, or control of the organization is by, or in connection with, a religious organization exempt under ARS § 43-1201(A)(4).

- An organization exempt solely under ARS § 43-1201(A)(2). The fraternal beneficiary societies, orders or organizations must: (a) operate under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system; and (b) provide for the payment of life, sick, accident or other benefits to the members of the society, order or organization or their dependents.

NOTE: *Homeowners associations described in IRC § 528 are not exempt from tax under ARS § 43-1201(A) [associations that file federal Form 1120-H or 1120]. These organizations must file an Arizona corporate income tax return on Form 120A or Form 120. However, certain homeowners associations are federally tax exempt under IRC § 501(c)(4), as social welfare organizations, or under IRC § 501(c)(7), as clubs organized for pleasure or recreation. These homeowners associations are similarly tax exempt for Arizona income tax purposes. These organizations may file Form 99.*

Determination of Gross Receipts

"Gross receipts" means the total amount the organization received from all sources during its annual tax year without subtracting any costs or expenses in accordance with ARS § 43-1242(D). Total income, (Form 99, line 12) plus cost of goods sold (Form 99, line 2) plus any other expenses deducted to arrive at the income on lines 4 through 11, would equal the organization's gross receipts for the tax year.

Nonprofit Medical Marijuana Dispensary (NMMD)

A nonprofit medical marijuana dispensary (NMMD) under Arizona Revised Statutes Title 36, Chapter 28.1, is exempt from the corporate income tax in accordance with ARS § 43-1201(B). NMMDs must file Form 99 to meet the filing requirements of ARS § 43-1242. Because NMMDs are not exempt organizations at the federal level, they do not have the option to file the federal return in place of Arizona Form 99. Additionally, NMMDs that are taxed as an S corporation or a partnership are required to file Form 120S or Form 165, as applicable, by the due date of those returns, in addition to filing Form 99.

Filing Original Returns

The due date for Form 99 or the copy of the federal return of organization exempt from income tax is the 15th day of the fifth calendar month after the close of the taxable year. If the organization files under a valid federal three month extension, check box 82C on page one of Form 99. If the organization is filing under a second valid federal three month extension or an Arizona extension, check box 82F on page one of Form 99. File the return by the extended due date.

NOTE for NMMDs: *A NMMD cannot use the federal extension for filing its Arizona Form 99. The NMMD must request an Arizona extension on Form 120EXT.*

If the organization is filing its federal form in place of the Arizona Form 99, please attach a copy of the federal extension(s) to the front of the return.

Send the return to the Arizona Department of Revenue, PO Box 52153, Phoenix AZ 85072-2153. If the organization files Form 99, attach a copy of the appropriate federal return.

The department normally determines the timeliness of a return by the postmark or other official mark of the U.S. Postal Service stamped on the envelope in which the return is mailed. Refer to Arizona General Tax Ruling GTR 93-1 for further information. The department will also accept proof of mailing from a private delivery service included in the Internal Revenue Service list of designated private delivery services. Contact the private delivery service for information regarding how to obtain written proof of mailing.

Extension of Time to File a Return

The organization can apply for an Arizona extension by filing a completed Form 120EXT by the original due date of the return. The organization can also use a valid federal extension rather than applying for an Arizona extension.

NOTE for NMMDs: A NMMD cannot use the federal extension for filing its Arizona Form 99. The NMMD must request an Arizona extension on Form 120EXT.

The department grants an Arizona extension for filing Form 99 for a period of six months. Arizona will accept the federal extension for the same period of time as covered by the federal extension, except for NMMDs.

Because the first federal extension for organizations exempt under ARS § 43-1201(A) is an automatic three-month extension instead of the automatic six-month Arizona extension, those organizations requiring a six-month extension must be approved for a second three-month federal extension, which is not automatic, or file an Arizona Form 120EXT by the original due date.

Penalty

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

Filing Amended Returns

File amended returns within four years of the filing of the original return. However, do not file an amended return until the original return has been processed.

- *Organization that filed a copy of its federal return of organization exempt from income tax* - file a copy of the amended federal return of organization exempt from income tax.
- *Organization that filed Form 99* - attach a statement to the amended return that explains why the organization amended its Arizona return. If the organization amended its federal return, attach a copy of the amended federal return with all applicable schedules to the amended Arizona return.
- *NMMD that filed Form 99* - attach a statement to the amended return that explains why the dispensary amended its Arizona return. If the dispensary amended its federal return, attach a copy of the amended federal return with all applicable schedules to the amended Arizona return, unless question H applies. If question H applies to the NMMD, then an amended Arizona Form 120S or Form 165 must be filed and the amended federal return should be attached to the Arizona amended Form 120S or Form 165.

Specific Instructions

Type or print the required information in the name, address, and information boxes at the top of page 1. Indicate the period covered by the taxable year and whether the taxable year is a calendar year or a fiscal year. Indicate whether this return is an original or an amended return.

Enter the employer identification number (EIN) of the organization, which is its taxpayer identification number (TIN). Enter the Arizona transaction privilege tax number for the organization.

All returns, statements, and other documents filed with the department require a TIN. Taxpayers that fail to include their 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 individual's social security number or the employer identification number of the business. Paid tax return preparers that fail to include their TIN may be subject to a penalty.

Organization that is exempt under ARS § 43-1201(A) - answer questions A, B and C. Skip questions D through H. Complete the rest of page 1 and pages 2 and 3.

NMMD that is exempt under ARS § 43-1201(B) - answer questions A and B. Skip question C. Check the box for question D and enter the registry identification number of the dispensary. Check one box for question E. If the dispensary is an LLC, check one box for question F. If the dispensary is a flow through entity (LLC, S corporation or partnership) be sure to attach a schedule that lists ownership information including name, address, TIN and ownership percentage at the end of the tax year. Check a box for question G and attach a copy of the dispensary's federal return, unless question H applies to the dispensary. If the NMMD is organized or taxed as a partnership or an S corporation, and the federal return is attached to the Form 165 or Form 120S filed by the NMMD, check the box for question H and do not attach a copy of the federal return to this Form 99. Complete the rest of page 1, and pages 2 and 3, as instructed below.

Lines 1 through 12 -

Include in this section all sources of income received during the year.

Lines 13 through 20 -

Include in this section all administrative expenses.

Schedule A and Line 21 -

Include in Schedule A on page 2 all disbursements made from current income for exempt purposes. Enter the total of lines A1 through A5 on line A6 and on page 1, line 21.

Schedule B and Line 22 -

Include in Schedule B on page 2 all disbursements from principal for exempt purposes. Enter the total of lines B1 through B5 on line B6 and on page 1, line 22.

Line 23 -

Enter all other disbursements not itemized on Schedule A or Schedule B.

Lines 24 through 26 -

Enter the applicable amounts to report the accumulation of income.

Line 27 -

This form 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 organization or dispensary files this return after its due date (including extensions), enter the penalty due on this line. Payments can be made via check or money order.

Make checks payable to Arizona Department of Revenue. Write the organization's EIN or the dispensary's TIN on the front of the check or money order. Include the check or money order with the return.

Schedule C - Balance Sheet

Complete column (a), for beginning of year amounts, and column (b), for end of year amounts.

NOTE: *The amounts entered on any attached schedules and on lines C2a, C2b, C3a, C3b, C7a, and C7b should be end of year amounts.*

Line C2 -

On line C2a, enter accounts receivable. Subtract the amount on line C2b from the amount on line C2a. Enter the difference on line C2c in column (b).

Line C3 -

On line C3a, enter other notes and loans receivable. Subtract the amount on line C3b from the amount on line C3a. Enter the difference on line C3c in column (b).

Line C7 -

On line C7a, enter land, buildings, and equipment; basis. Subtract the amount on line C7b from the amount on line C7a. Enter the difference on line C7c in column (b).

Certification

An officer of the organization or dispensary must sign the return on page 3.

Paid preparers: Sign and date the return on page 3. Complete the firm name and address lines (the preparer's name and address, if self-employed). Enter the preparer's TIN, which is the firm's EIN or the individual preparer's social security number.