

# ARIZONA DEPARTMENT OF REVENUE

## ARIZONA INDIVIDUAL INCOME TAX RULING

### ITR 93-27

(This ruling supersedes  
Arizona Department of Revenue Income Tax Ruling 81-0-8)

This substantive policy statement is advisory only. A substantive policy statement does not include internal procedural documents that only affect the internal procedures of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona administrative procedure act. If you believe that this substantive policy statement does impose additional requirements or penalties on regulated parties you may petition the agency under Arizona Revised Statutes § 41-1033 for a review of the statement.

#### **ISSUE:**

For tax years subsequent to 1990, how does Arizona treat distributions to a full-year Arizona resident from an Individual Retirement Account (IRA) comprised of contributions made by the taxpayer before becoming an Arizona resident?

#### **APPLICABLE LAW:**

Arizona Revised Statutes (A.R.S.) § 43-102(4) provides for the taxation of all income received by resident individuals regardless of the source.

A.R.S. § 43-1001 provides that Arizona adjusted gross income of a resident individual is his or her federal adjusted gross income subject to the modifications specified in A.R.S. §§ 43-1021 and 43-1022.

A.R.S. § 43-1022 prescribes items which are allowable subtractions in the computation of an individual's Arizona adjusted gross income.

Arizona State Tax Commission v. Kieckhefer, 67 Ariz. 102, 191 P.2d 729 (1948) held that a right to a deduction does not exist in the absence of statutory authorization and a deduction will not be allowed for items not within the terms of the statute.

#### **DISCUSSION:**

The starting point for Arizona's individual income tax computation is the federal adjusted gross income. The Arizona income tax return for a full-year Arizona resident will include all income reflected on the individual's federal return, including IRA distributions which are comprised of contributions made before becoming an Arizona resident. This amount is then subject to specified additions and subtractions. Items which are allowable subtractions are only those items specifically prescribed by statute. Arizona statutes do

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not provide for a subtraction for IRA distributions comprised of contributions made while a resident of another state.

### **RULING:**

For tax years subsequent to 1990, income distributions from an IRA to a full-year Arizona resident which are comprised of contributions made before the taxpayer became an Arizona resident cannot be subtracted from the taxpayer's Arizona gross income. Therefore, the distribution amount included in Arizona gross income is subject to Arizona income tax.

For tax years prior to 1991, see Arizona Department of Revenue Income Tax Ruling 81-10-8.

This ruling supersedes Arizona Department of Revenue Income Tax Ruling 81-10-8.

Harold Scott, Director

Signed: December 3, 1993

### Explanatory Notice

The purpose of a tax ruling is to provide interpretive guidance to the general public and to department personnel. A tax ruling is intended to encompass issues of law which are not adequately covered in statute, case law or administrative rules. A tax ruling is a position statement which provides interpretation, details or supplementary information concerning the application of the law. **Relevant statute, case law, or administrative rules, as well as a subsequent ruling, may modify or negate any or all of the provisions of any tax ruling.** See GTP 92-1 for more detailed information regarding documents issued by the Department of Revenue.