

ARIZONA INDIVIDUAL INCOME TAX RULING
ITR 93-19

Reference to dependent exemptions removed due to passage of HB 2757 (2019)

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ISSUE:

How are deductions and credits treated when married taxpayers file separate Arizona individual income tax returns?

APPLICABLE LAW:

Arizona Revised Statutes (A.R.S.) § 25-211 provides that all property acquired by either husband or wife during marriage is community property, except that which is acquired by gift or by inheritance.

A.R.S. § 25-213 provides that all property owned by each spouse before marriage, and the property acquired after marriage by gift or by inheritance, is the separate property of such spouse.

A.R.S. § 43-1041 provides that, in the case of a husband and wife, the standard deduction shall not be allowed to either if the taxable income of one of the spouses is determined without regard to the standard deduction.

DISCUSSION:

The purpose of this ruling is to address the questions most frequently asked with respect to the treatment of deductions and tax credits when married taxpayers file separate Arizona individual income tax returns. Arizona Individual Income Tax Ruling ITR 93-18 addresses the reporting of income when married taxpayers file separate returns.

RULING:

Deductions

When married taxpayers file separate Arizona income tax returns, both filers must either claim the standard deduction or itemize deductions. One spouse may not claim a standard deduction when the other spouse itemizes deductions. If this situation does occur, the standard deduction will be disallowed regardless of which return may have been filed first.

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The treatment of itemized deductions by spouses who file separate returns depends on whether the deductible expenses were paid with community funds or with separate funds. If the expenses were paid with community funds, the deduction is divided equally between each spouse. Expenses paid with separate funds are deductible by the spouse who paid the expenses. Under no circumstances may more than 100 percent of the allowable deductions be claimed.

Tax Credits

When married taxpayers file separate Arizona returns, each taxpayer may claim any income tax credits related to his or her separate property and each taxpayer may claim one-half of any income tax credits related to items of community property.

Harold Scott, Director

Signed: December 6, 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.

APPENDIX TO ARIZONA INDIVIDUAL INCOME TAX RULING - ITR 93-19
(Appendix Amended 4/15/2011)

For more information concerning the application of Arizona's community property provisions to Arizona income taxation, see the following income tax rulings:

- ITR 93-18 Income Reporting Requirements for Married Arizona Residents Who File Separate Arizona Individual Income Tax Returns
- ITR 93-20 Income Reporting Requirements of Resident and Nonresident Spouses Who File Separate Arizona Individual Income Tax Returns
- ITR 95-2 Filing a Joint Tax Return When a Resident Spouse is Married to a Part-Year Resident or Nonresident
- ITR 93-22 When Community Income May Be Treated as Separate Income
- ITR 93-23 Reporting Income, Deductions, Exemptions, and Withholding for Divorced Individuals for the Year of Divorce
- ITR 97-2 Joint and Several Income Tax Liability
- ITR 93-25 Tax Collection from a Divorced Individual for Tax Due on a Separate Return Filed by the Former Spouse
- ITR 93-26 Tax Collection from Married Individuals for Premarital Income Tax Liabilities