

2024 Form 140PY Schedule A(PY) Itemized Deductions

For Part-Year Residents Only

Before you complete Arizona Form 140PY Schedule A(PY), you must complete a federal Form 1040 Schedule A even if you do not itemize deductions on your 2024 federal return.

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).

Even if you don't itemize deductions on your federal return, you must complete and include a copy of the federal Form 1040, Schedule A with this form.

A part-year resident who has no 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.

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

General Instructions

Arizona is a community property state. If you are married filing a separate return and claiming itemized deductions, see the department's ruling, ITR 93-19, *Deductions, Exemptions, and Credits for Married Taxpayers who file Separate Returns*, for more information claiming itemized deductions.

When married taxpayers file separate Arizona income tax returns, both filers must either claim the standard deduction or itemize deductions. One spouse cannot 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.

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.

NOTE: *If you or your spouse claim 100% of the allowable itemized deductions, the other spouse must enter "0" on Form 140PY, line 53, and that spouse cannot claim an adjustment for either itemized deductions or the standard deduction.*

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 from your federal return.

You **must** complete Schedule A(PY) if you are a part-year resident claiming itemized deductions and you did not have any Arizona source income during the part of the year when

you were a non-resident. If you are a part-year resident claiming itemized deductions who had Arizona source income during the part of the year when you were a non-resident, you must complete Schedule A(PYN) instead.

Line-by-Line Instructions

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.

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 - Adjustment to Interest Deduction

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 2024 that is equal to the amount of your 2024 federal credit. **Include only that portion of such interest that you incurred and paid during the part of the year while an Arizona resident.**

Line 5 - 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.

For Example:		
If you claimed a credit on Arizona Form:	For:	You cannot take a deduction on the Arizona Form 140PY Schedule A (PY) 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	Donation to the Military Family Relief Fund	
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 Organizations - Individual	
352	Contributions to Qualifying Foster Care Charitable Organizations	

If you claimed a credit on your 2023 return for a contribution that you made during 2024 (see Arizona Forms 321, 322, 323, 348, and 352), you must exclude this deduction on your 2024 Arizona return, even though you claimed the credit on your 2023 Arizona return.

If you are claiming a credit on your 2024 return for a contribution made during 2025 (see Arizona Forms 321, 322, 323, 348, and 352), you must exclude this deduction on your 2025 return, even though you are claiming the credit on your 2024 return.

Lines 6 and 7 - Casualty and Theft Losses

Line 6

Enter the casualty loss(es) allowable on federal Form 4684.

Line 7

Enter the amount of casualty loss shown on line 6 that you incurred and paid while an Arizona resident. Also enter the amount of casualty loss shown on line 6 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 8

Combine the following amounts and enter the total on line 8:

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, the following:

- 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 9 -

Add lines 1, 2, 3, 4, 5, 7, and 8. Enter the total.

Line 10 - Adjustment to State Income Taxes

Arizona Revised Statutes § 43-1042 was amended to require taxpayers to reduce the amount of itemized deductions for amounts used to claim an Arizona credit, even if the amount was deducted on the federal return as taxes paid rather than charitable contributions.

Did you claim sales taxes rather than income taxes on your federal schedule A?

- If yes, *stop*. No adjustment is necessary. Go to line 11.
- If no, complete the worksheet on page 2 of Form 140PY Schedule A(PY) to determine the amount of your adjustment to enter on line 10.

Line 11 - Adjustment to Charitable Contributions

Enter the total amount of charitable contributions for which you are taking a credit under Arizona law.

Line 12 - Arizona Itemized Deductions

Subtract lines 10 and 11 from line 9. Enter the difference. If less than zero, enter "0". Also, enter the amount on Form 140PY, line 53.

NOTE: The amount entered on line 12 **cannot** be a negative number. Entering a negative number on Form 140PY, line 53 may delay the processing of your return.