

Items of Interest for 2012

2012 Standard Deduction Indexed for Inflation

For 2012, the standard deduction for a single taxpayer or a married taxpayer filing a separate return has increased from \$4,703 to \$4,833. The standard deduction for a head of household or a married couple filing a joint return has increased from \$9,406 to \$9,665.

Use Tax No Longer Reported on Income Tax Return

For 2012, taxpayers are no longer required to declare their non-business use tax liability on the individual income tax return. However, individuals are still required by law to report and pay any use tax for goods purchased from an out-of-state vendor that did not collect the use tax. For more information on how to report and pay a use tax liability, see the sheet, titled “*Have You Paid Your Use Tax – What’s That?*” included in this booklet and on our website at www.azdor.gov.

Subtraction for Contributions to College Savings Plans

The subtraction from Arizona gross income for contributions to college savings plans was made permanent. The subtraction was to expire after tax year 2012.

Tax Treatment of Income or Loss from a Qualified Nonprofit Medical Marijuana Dispensaries

For taxpayers who are registered as an Arizona sole proprietorship with the Arizona Department of Health Services to operate in Arizona as a nonprofit medical marijuana dispensary, a subtraction is allowed for income from the dispensary that is included in the computation of the taxpayer’s federal adjusted gross income. However, if the dispensary had a loss that is included in the computation of the federal adjusted gross income, the taxpayer must add back the amount of the loss.

The Citizens Clean Elections Fund Tax Reduction Repealed

The Clean Elections Tax Reduction was repealed effective August 2, 2012. The reduction allowed a taxpayer to designate \$5 (\$10 for married filing joint) of the tax to the Clean Elections Fund, and also reduce the tax amount by \$5 (\$10 for married filing joint).

Change Made to the Voluntary Refund Check-Off for the Aid to Education Fund

Beginning with 2012, a taxpayer may give some or the entire refund amount to the Aid to Education Fund. In prior years, a taxpayer was required to give 100% of the refund if making a gift.

Voluntary Refund Check-Off for Clean Elections Fund Repealed

A taxpayer can no longer make a voluntary gift to the Citizens Clean Elections Fund on the tax return.

Individual Amended Tax Return Now Year Specific

Beginning in 2012, a taxpayer is required to use the amended tax return, *AZ Form 140X*, for the specific year for which the taxpayer is amending.

Enterprise Zone Credit Repealed

The enterprise zone credit has been repealed effective June 30, 2011. Employment positions filled after June 30, 2011 do not qualify. Certain taxpayers may qualify to claim second and third year tax credits for 2012. Previously established credits may be carried forward for up to 5 consecutive taxable years. For more information, see Form 304.

Credit for Amount of Contributions to Private School Tuition Organization Indexed for Inflation

For 2012, the amount of the allowable credit for contributions to private school tuition organizations was adjusted for inflation purposes. The maximum credit for single taxpayers or heads of household increased from \$500 to \$503. For married taxpayers that file a joint return, the maximum credit amount increased from \$1,000 to \$1,006. For more information, see AZ Form 323.

New Credit for Qualified Health Insurance Plans

For taxable years beginning on or after January 1, 2012 through December 31, 2014, Arizona law provides a credit for employers who provide qualified health plans or contributions to health savings accounts (HSA) for its employees who are Arizona residents. For more information, see AZ Form 347.

New Credit for Contributions Made to Certified School Tuition Organizations

For tax years beginning on or after January 1, 2012, Arizona law provides a new individual income tax credit for voluntary cash contributions made to a certified school tuition organization. This new credit is in addition to the credit claimed on AZ Form 323. The maximum credit for single taxpayers or heads of households is \$500. For married taxpayers that file a joint return, the maximum credit is \$1,000. For more information, see AZ Form 348.

To claim a credit on AZ Form 348, the taxpayer **must** first claim the maximum credit allowed on AZ Form 323, Credit for Contributions to Private School Tuition Organizations.

New Additional Credit for Increased Research Activities for Basic Research Payments

A taxpayer that makes basic research payments to a university under the jurisdiction of the Arizona Board of Regents may qualify for this tax credit. The same basic research payment may be included on both Form 346 and Form 308-I (for individuals) as contract research expenses. For more information, see AZ Form 346.

Credit for Healthy Forest Enterprises Expanded and Extended

The credit for healthy forest enterprises has been extended through tax year 2024. The credit has been expanded to include training expenses for employees hired by the healthy forests enterprise. For more information, see AZ Form 332.

Credit for Contributions to Military Family Relief Fund

The income tax credit for contributions to the Military Family Relief Fund was extended for 6 years through tax year 2018. For more information, see AZ Form 340.

Credit for Contributions Made to the Citizens Clean Elections Fund Repealed

The credit for contributions made to the Citizens Clean Elections Fund was repealed effective August 2, 2012. For 2012, a taxpayer may claim a credit for the following:

- Donations made directly to the fund during 2012 but prior to August 2, 2012.
- A donation made to the fund on the taxpayer’s 2011 income tax return filed prior to August 2, 2012.