



2024 Arizona Individual Income Tax Review & Changes

Arizona Department of Revenue Tax Policy

This is a SUMMARY of Arizona Tax Law changes for 2024. Please use the Arizona DOR Quick Reference Guide for additional details and qualifications.

2024 Standard Deduction

- The AZ standard deduction is inflation adjusted to:
 - \$14,600 for Single or Married Filing Separately
 - \$21,900 for Head of Household
 - \$29,200 for Married Filing Jointly



- The standard deduction may be increased by **33%** of charitable contributions if the TP does not itemize. Full benefit can be taken on Form 140, Pro-rated benefit on Form 140NR

43 Deductions: <i>Check box and enter amount.</i> See instructions.....	43I <input type="checkbox"/> ITEMIZED...43S <input type="checkbox"/> STANDARD	43	00
44 If you checked box 43S and claim charitable deductions, Check 44C <input type="checkbox"/> Complete page 3. See instructions.....	44		00

- The Tax Rate is 2.5% regardless of Filing Status or Taxable Income.



AZ Filing Requirement for 2024

AZ Gross income is Federal AGI less AZ exclusions.

Exclusions:

US Government Interest

Taxable SSA & RR benefits

Active duty pay (OOS without Military certification)

Retired Uniformed Services Pension & Annuity benefits

Native American Indian wages (qualifications)



AZ Reminders for 2024

- Filing deadline April 15, 2025
- Arizona Tax Brackets are Eliminated
 - *AZ has a Flat 2.5% tax rate for*
 - *All taxable incomes and Filing Status*
- Several AZ Tax Credit inflation adjustments
- AZ Families Tax Rebate – 1099-Misc
 - *Added to Federal AGI*
 - *Subtracted from AZ Income*



Tax Return Forms for 2024

Form 140 – Standard return for full year AZ residents

Form 140 PY – Part-Year Resident – need dates in AZ

Include all income from AZ sources

Include all income received during dates of AZ residency

Form 140 NR – Non-Resident

Include income from any AZ source



Out of Scope Reminder for 2024

- Small Business Income (SBI)
- Native American taxpayer filing MFS
- Active Military pay – (unless certified including QR)
- Federal depreciation
- Partnership income adjustment
- Form 310 – AZ Solar credits
- See Cactus Guide for additional Out of Scope items



Ancestor Exemption

- Taxpayer & Spouse's Parents, Grandparents & Great Grandparents
- **ALL** the following must apply:
 - Ancestor must be 65 or older during 2024
 - Ancestor must reside in taxpayer principal residence all year
 - Taxpayer paid more than ½ of support & maintenance for the ancestor
 - Ancestor required daily living assistance of at least 2 listed items
Dressing, Eating, Ambulating, Toileting, Medicating, Hygiene, Shopping, Housekeeping, Finances, Communication, Food Preparation or Transportation.



Details are found in AZ Quick Reference Guide – pgs. 23 & 24



Other Exemptions

The following exemptions are allowed as “**other exemptions**”:

- \$2,300 for each person 65 years of age or older; related or not to the taxpayer(s), but NOT a dependent on the tax return:
 - If TP pays for more than $\frac{1}{4}$ of the cost of maintaining a person in assisted, nursing or residential care and must exceed \$800
 - If TP makes payments exceeding \$800 for home health or medical costs.
- \$2,300 for a stillbirth child in the year in which the stillbirth occurred with a certificate of birth. The child would have been a dependent.



Dependents

Tax Credit for Dependents is unchanged:

- \$100 for each dependent under 17 years of age
- \$25 for each dependent that is age 17 or older
- Credit Phase Out by 5% for each \$1,000 that the TP's FAGI is over \$400,000 for MFJ or \$200,000 for all others.
- Part Year and Non-Residents must prorate the credit, except active-duty military
- Must qualify as a dependent for Federal tax purposes

EXEMPTION	8	Age 65 or over (you and/or spouse)	If completing lines 8, 9, and 11a, also complete lines 38, 39, and 41. For lines 10a and 10b, also complete line 49.		81	PM	80	RCVD
	9	Blind (you and/or spouse)						
	10a	Dependents: under age of 17.	10b	Dependents: Age 17 and over.				
	11a	Qualifying parents and grandparents						

(Box 10a and 10b): Dependent Information. See instructions. For more space, check the box and complete page 4, Part 1.

	(a) FIRST AND LAST NAME (Do not list yourself or spouse)	(b) SOCIAL SECURITY NO.	(c) RELATIONSHIP	(d) NO. OF MONTHS LIVED IN YOUR HOME IN 2019	(e) Dependent Age included in:		(f) if you did not claim this person on your federal return due to educational credits
					1 (Box 10a)	2 (Box 10b)	
dependents 10c					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10d					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10e					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



2024 Additions to Income

- Non-Arizona municipal interest (if not in FAGI)
- Partnership Income adjustment (from K-1 Line 3) (OOS)
- Federal Depreciation (OOS)
- Refer to Page 26 of the [AZ Quick Reference Guide](#) for the full list of additions to income



2024 Adjustments to Income

- Net Long Term Capital Gain included in FAGI
 - Assets acquired after 12/31/2011 (must be verifiable)
- Net Capital Gain from investment in a small business (OOS)
- Arizona Depreciation (OOS)
- Partnership income adjustment (OOS)
- Interest from US obligations included in FAGI
 - US Treasury Bills, US Savings Bonds
- US, AZ State or Local Government pension (up to \$2,500)
 - Uniformed Services pension & benefits (100% excluded)
 - Pension must be included in Federal AGI
- SSA or Railroad retirement benefits included in FAGI
- AZ Families Tax Rebate – 1099-Misc if included in FAGI



2024 Adjustments to Income

- Certain wages of Native American Indians
 - Enrolled member of a Tribe living on the Reservation
 - Exclude income earned on the Reservation & included in FAGI
 - Special exemption rule for (MFJ) non-member spouse (*pg10)
 - Native American taxpayers filing as MFS - (OOS)
- Active Military pay (OOS - unless military certified)
- Contributions to 529 and 529A plans
 - Exclude up to \$2,000 per beneficiary/taxpayer
- Long-Term care premiums
 - If using Standard Deduction
 - In TSO - Subtractions > Other Subtractions from Income
- Complete list on pg. 30-31 of the AZ Quick Reference Guide*



Excise Tax Credit

- Credit of \$25 for everyone in the tax return, up to \$100.
- The FAGI must be \$29,200 or less if MFJ or Head of Household (\$14,600 if Single or MFS)
- The claimant must have a valid social security number. The spouse and qualifying children must have a valid social security numbers or individual taxpayer identification number (ITIN).
- A person that is sentenced for at least 60 days during the taxable year to prison or jail will not qualify. *
- See Publication 709 for more details.

* Use Credits menu to adjust ETC



Property Tax Refund (Credit) Claim Form 140PTC

Taxpayers use Form 140PTC to file a claim for the property tax credit.

- Taxpayer(s) were an AZ resident for the entire year. (2024)
- Taxpayer (or spouse) were either 65 or older on 12/31/2024 or one was receiving Title 16 SSI payments
 - SSI Notice *MUST* be included with a paper tax return
- Household income was less than \$3,751 if taxpayer lived alone, or \$5,501 if others lived with the taxpayer
- Taxpayer paid property taxes or rent for the entire year
 - If only Rent – must rent for the full year
 - Landlord Form 201 must be obtained by taxpayer(s)
- Can qualify for both property and renter credit.
- See pg. 34 of AZ Quick Reference Guide



AZ
website



Arizona Non-Refundable Tax Credits



CREDIT TYPE	AZ FORM	Single/H of H Maximum	MFJ Maximum	Donation Deadline
Credit Recapture Form	Form 301			
Taxes Paid to another State/Country (same income)	Form 309			
Qualifying Charitable Organizations	Form 321	\$470	\$938	4/15/2025
Contributions or Fees to Public Schools	Form 322	\$200	\$400	4/15/2025
Contributions to Private School Tuition Organizations	Form 323	\$731	\$1,459	4/15/2025
Contributions to Military Family Relief Fund	Form 340	\$200	\$400	12/31/2024
Contributions to Certified School Tuition Organizations (complete Form 323 first)	Form 348	\$728	\$1,451	4/15/2025
Contributions to Qualifying Foster Care Organizations	Form 352	\$587	\$1,173	4/15/2025

The date of the contributions is required on each Tax Credit Form. Taxpayer may NOT claim both a Tax Credit & Itemized Deduction for the same contribution.



QCO & QFCO Lists and Codes



For a list of QCOs or QFCOs go to:

- <https://azdor.gov/tax-credits/contributions-qcos-and-qfcos>
- Maximum tax credit up to the Qualifying Amount
- Use TY24 code for donations made during 2024
- Use TY25 code for donations made after 12/31/24
- Non-refundable credit can carryover up to 5 years
- Form 321 (QCO's) & 352 (QFCO's)

List of Qualifying Charities

2024	QCO	QFCO
2023	QCO	QFCO
2022	QCO	QFCO

▼ Tax Credits

1. [AZ DOR Main Link – Codes & Credits](#)
 - [Form 321, Charities](#)
 - [Form 322, Public Schools](#)
 - [Form 323, Tuition Orgs](#)
 - [Form 352, Foster Care](#)
 - [Search by name or location](#)
2. [AZ Tax Credits Review \(slides\) TY23^](#)
3. [Carryover Assistant explanation](#)
 - [Carryover Assistant Tool](#)
4. [Carryover Credits Worksheet TY23](#)
5. [Charity Quick Check Chart](#)
6. [Credit Basics & TSO Entries TY23](#)
7. [Credits Review Check TY23](#)
8. [AZ Tax Credit Itemized FlowChart v2 TY23](#)
9. [AZ Tax Credit Standard FlowChart v2 TY23](#)



Contributions or Fees Paid to Public Schools

- The public-school credit is for cash contributions or fees paid by the taxpayer to an Arizona public school (includes Charter Schools). Fees paid for a meal program qualify up to 6/30/2024.
- Fees include Extracurricular activities
- Qualifying contributions from 1/1/25 to 4/15/25 may be claimed in TY24 or TY25
- Taxpayer must have a receipt showing the 9-digit CTDS code
 - Listing is available on aztax-aide.org website
- Non-refundable qualifying amount can carryover up to 5 years



Public School Credit

- Remember to include the CTDS code assigned to the school when claiming the public-school credit.
- CTDS stands for *County Code, Type Code, District Code and Site Number*.
- Codes are available at
 - https://azdor.gov/sites/default/files/media/PUBLICATION_ADESchoolListing.pdf
 - www.aztax-aide.org
 - Log in > Tax Preparation > Arizona Taxes > Tax Credits > #3 School Codes



List of Schools and CTDS - County Code, Type Code, and District Code & Site Number

CTDS	School Name
108731101	A CHILD'S VIEW SCHOOL-CLOSED
120201114	A J MITCHELL ELEMENTARY SCHOOL
100206038	A. C. E.
078707202	AAEC - PARADISE VALLEY
078993201	AAEC - SMCC CAMPUS



Contributions to School Tuition Organizations

- The qualified amount of the private school tuition credit for TY23 for Single, H of H & MFS is **\$731**. (MFJ **\$1,459**)
- Taxpayer donations between 1/1/25 and 4/15/25 may claim the allowable tax credit in either TY24 or TY25
- Taxpayer may not designate funds to any student beneficiary
- No special codes are necessary to claim this credit
- Taxpayer must have a receipt for the donation
- Pub 707 – School Tax Credits has additional information



Contributions to School Tuition Organizations

- Taxpayer may claim a qualified excess tax credit for a donation to a school tuition organization if the amount contributed is greater than the maximum amount claimed on Form 323.
- The qualified excess credit amount for TY24 is \$728 Single, H of H & MFS and \$1,451 for MFJ.
- The excess tax credit to *certified school tuition organizations* is claimed on [Form 348](#). Enter the Full Amount on both forms in Taxslayer.
- Taxpayers who donate between 1/1/25 and 4/15/25, may claim the allowable credit on either the TY24 or TY25 return



Contributions to Military Family Relief Fund

- There are 2 Funds , Pre-9/11 and Post 9/11. The receipt identifies the fund. If not identified, use Post 9/11
- Taxpayer must make the donation on or before 12/31/2024
- There is NO carryover of excess donation
- Qualified amount for TY24 is \$200 (S, Head of Household and MFS) and \$400 for MFJ
- No special codes are necessary to claim this credit
- Total donations accepted are limited to \$1M annually
- Excess donations are NOT charitable contributions in Federal Schedule A. The Military Family Relief Fund is not a 501(c)(3).



AZ Tax Credit Carryforward

- Most AZ Tax Credits include a Credit Carryover
- Use prior year tax return to verify: (or Notes)
 - Total Qualified Tax Credit available (by year)
 - Tax Credit Used (by year)
- Each Tax Credit Form (321, 322, 323, 348 & 352) shows the carryover information in Part 2
- Form 301, Part 2 will show the amount of each Tax Credit used to offset taxes due
- TSO “uses” Tax Credits in numerical form order. Taxpayer can determine which Tax Credits to use if it is more beneficial



AZ Tax Credit Carryover

Nonrefundable Tax Credits Used This Taxable Year: Enter amounts actually used from Part 1.

35	Military Reuse Zone Credit.....	Form 306 ▶	35		00
36	Credit for Increased Research Activities – Individuals.....	Form 308-I ▶	36		00
37	Credit for Taxes Paid to Another State or Country.....	Form 309 ▶	37		00
38	Credit for Solar Energy Devices	Form 310 ▶	38		00
39	Agricultural Water Conservation System Credit	Form 312 ▶	39		00
40	Pollution Control Credit	Form 315 ▶	40		00
41	Credit for Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlets.....	Form 319 ▶	41		00
42	Credit for Employment of TANF Recipients.....	Form 320 ▶	42		00
43	Credit for Contributions to Qualifying Charitable Organizations.....	Form 321 ▶	43	50	00
44	Credit for Contributions Made or Fees Paid to Public Schools.....	Form 322 ▶	44	50	00
45	Credit for Contributions to Private School Tuition Organizations.....	Form 323 ▶	45	21	00

AZ Tax Credit Carryover tool is available on the AZ website.



Questions?

