

# Arizona State Taxes – 2025

11/24/25

**Commonly seen credits, exclusions and exemptions,  
(but not every possibility)**



# AZ Tax Changes for TY25

## ❖ Summary of AZ Tax Law Changes



# Highlights for TY25

- Due date is April 15, 2026
- AZ Standard Deduction (also the filing requirement)
  - \$15,750 for Single or Married Filing Separately (MFS)
  - \$23,625 for Head of Household (HoH)
  - \$31,500 for Married Filing Joint (MFJ)
- Charitable Contributions increase to Standard Deduction
  - Increase to 34% (was 33% in 2024)
- AZ Tax Credit Contributions limit increases
  - Forms 321, 323, 348 and 352

# Property Tax Credit (PTC)

❖ An AZ State Refundable Tax Credit



# Property Tax Credit (PTC) - Qualifiers

- Taxpayer must be full year resident
  - Jan 1 through December 31 of tax year
- Taxpayer is not a dependent on another return
- Taxpayer or Spouse (if MFJ) must be age 65 or older
  - Exception for SSI recipient
    - Taxpayer must attach supporting paperwork for SSI status

# Property Tax Credit (PTC ) – Qualifiers

- **Household income limit**

- Less than **\$3,751** for household with single resident and less than **\$5,501** for household with multiple residents
- Income limit based on total taxable income of **all** residents
- Income does not include
  - Social Security, Railroad Retirement (different than railroad pension), Workers Compensation, AZ Unemployment, Veteran’s Disability, and Welfare Payments
- If a Federal Capital Loss carryforward is entered, adjust the AZ Capital Loss to allow a maximum loss of \$1,500.

# Property Tax Credit (PTC) - Documents

- **Homeowner** (main home only) Requires property tax paid receipt not tax bill
  - Obtain online from County Assessor website
  
- **Renter** (must have rented all year)
  - Requires completed AZ Form 201 from the rental manager
    - Identifies payer of property taxes and percentage of rent that is applicable to property taxes
  
- **Owner/Renter** (mobile home on rented lot) or condominium
  - Property tax receipt for Mobile Home
  - AZ Form 201 from park manager for the lot rental

# Property Tax Credit (PTC) – Renters

- **AZ Form 201** (renters)
  - Includes tenants name and SSN (Filled out by taxpayer)
  - Landlord fills out the rest of the form
    - Property tax factor is a portion of rent that includes property tax
  - Total rents paid, as provided by taxpayer
    - Must not include utilities, subsidies or any other fees

# Property Tax Credit (PTC) – entries

- Supporting details found:
  - Cactus Guide, pp 22 & 31
  - AZ website > AZ page > Property Tax Credits
  
- Appears on line 57 of AZ 140:

Property Tax Credit from Arizona Form 140PTC	57	57		00
				00

# Excise Tax Credit (ETC)

❖ An AZ State Refundable Tax Credit



# Excise Tax Credit → done automatically by TaxSlayer

- **\$25** per person up to a max of **\$100**
  - Taxpayers and dependents
- Taxable Income limit
  - **\$25,000** - Married Filing Joint (**MFJ**) or Head of Household (**HoH**)
  - **\$12,500** – Married Filing Separately (**MFS**) or Single (**S**)

# Excise Tax Credit → entries

- Supporting details:
  - Cactus Guide, page 46
- Appears on line 56 of Arizona Form 140:

Credits	56	Increased Excise Tax Credit (from the worksheet - see instructions) .....	56		00
					00

# Pension Exclusions

- ❖ Exclusions from Arizona gross income



# Pension exclusions – government and military

- Supporting details: Cactus Guide, pages 6 & 7
- Enter up to \$2,500 of the Federal taxable amount of a qualifying U.S. Government, AZ state or Local Government pension.
- Enter 100% of the Federal taxable amount of pension received from uniform services.
- Appears on line 56 of Arizona Form 140:

Subtr	29a Exclusion for federal, Arizona state or local government pensions (up to \$2,500 per taxpayer).....	29a		00
	29b Exclusion for benefits, annuities and pensions for retired/retainer pay of the uniformed services.....	29b		00

# AZ Long-term Capital Gains Exclusion

❖ Exclusion from gross income



# Long-term Capital Gain Exclusion – from income

- **Subtract 25% (.25) of a net long-term capital gain**
  - Assets acquired after 12/31/2011 (no assets purchased before 1/1/2012)
  - Calculate net gain from detail transactions of 1099-B.
  - Acquisition date must be verified on 1099-B.
  - No short-term transactions.
  - No mutual fund transaction.
  - For gift or inherited, acquisition date is that of original owner.

# Long-term Capital Gain Exclusion – entries

- Supporting details:
  - Cactus Guide, page 17
  - AZ website > AZ page > Capital Gains & Losses in AZ
- Enter amount in “Subtractions from Income”
- Appears on line 56 of Arizona Form 140:

nts and Credits	56	Increased Excise Tax Credit (from the worksheet - see instructions) .....	56		00
					00

# AZ State Ancestor Exemption

- ❖ Exemption from gross income



# Ancestor Exemption – Qualifiers

Taxpayer must be AZ resident, and all must apply:

- Parent (or ancestor of parent) lived in your main home for the entire taxable year.
- Paid more than ½ of the support and maintenance costs.
- Parent or ancestor was 65 years or older.
- Parent or ancestor required assistance with two or more activities of daily living.

# Ancestor Exemption – Entries

- Supporting details found:
  - Cactus Guide, pp 10
  - AZ website > AZ page > Ancestors Exemption
  
- Appears on line 41 of AZ 140:

Exem	40 Other Exemptions. See instructions.....	40		00
	41 Qualifying parents and grandparents: Multiply the number in box 11a by \$10,000.....	41		00
	42 <b>Arizona adjusted gross income:</b> Subtract lines 38 through 41 from line 37. If less than zero, enter "0".....	42		00

# Other Exemption – includes non-relatives

Taxpayer must be AZ resident, and:

- Person age 65 or over that does not qualify as dependent.
- Paid \$800 or more than 25% of the cost of assisted or residential care.
- OR --
- Paid more than \$800 for home health care or other medical costs.

# Other AZ-specific adjustments



# Other AZ-specific adjustments of note

- Supporting details can be found in the Cactus Guide:
  - Federal Carryover – p. 13.
  - Certain wages of American Indians p. 16.
  - 529 Plan subtractions – p. 16.
  - Long Term Care premium deduction – p. 18.