

Notice

As a rule, the starting point for your Arizona return is your federal adjusted gross income. To take itemized deductions, you must start with the amount shown on the federal Schedule A. This is the case for 2018, except for changes Congress made to the federal tax code during 2017 and 2018 and the following apply.

1. The changes affect how you figure your federal adjusted gross income.

AND/OR

2. The changes affect how you figure your itemized deductions.

When federal changes are made, Arizona legislature must adopt those changes if the Arizona starting points are to be kept the same. The legislature will address this issue when it is in session during 2019. We must publish these forms before this issue will be addressed by the legislature. When we went to print, Arizona had not yet adopted any federal tax law changes made after January 1, 2018.

What does this mean to you? It means that if any of the federal law changes made in 2017 and 2018 apply to your 2018 return, you can opt to file your 2018 return using one of the following methods.

1. You can wait and file your 2018 return after this issue has been addressed.

To do this, you may need to ask for a filing extension. You must pay 90% of the tax due by the due date of the return before any extension.

2. You can file your 2018 return assuming that the federal law changes will be adopted. The 2018 tax forms make this assumption.

If you opt for method 2, one of the following will apply.

- If Arizona adopts those changes, you do not have to do anything more.
- If Arizona does not adopt all those changes, you may need to amend your 2018 Arizona return. Your amended return will have to show the difference between the Arizona law and the federal law. If this happens, we will post more details on our conformity webpage.

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- Generally, no penalties or interest will be assessed on these amended returns, if you follow the Department's instructions and pay any tax due when you file your original 2018 return and you file and pay the required amended return by the extended due date of your 2018 return.

3. You can file your 2018 return assuming that we will not adopt the federal law changes. If you opt for this method, you will have to do the following.

- You will have to research all of the federal changes made after January 1, 2018.
- You will have to figure out if any of those changes apply to you.
- You will have figure out how to make adjustments for those changes on your return.

If you opt for method 3, one of the following will apply.

- If Arizona does not adopt those changes, you do not have to do anything more.
- If Arizona adopts those changes, you may need to amend your 2018 Arizona return. Your amended return will have to show the difference between what you reported and what you should have reported. If this happens, we will post more details on our conformity webpage.

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