

# 2024 Form 140 Schedule A Itemized Deduction Adjustments

## For Full-Year Residents Only

Before you complete Arizona Form 140 Schedule A, 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 on your federal return. For the most part, you can deduct those items that are allowable itemized deductions under the Internal Revenue Code (IRC).

Use Form 140 Schedule A, *Itemized Deduction Adjustments*, to adjust the amount shown on the federal Schedule A. Complete Form 140 Schedule A **only** if you are making changes to the amount shown on the federal Schedule A. You must include the federal Form 1040 Schedule A with this form.

## 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 may not 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 140, line 43, and that spouse cannot claim an adjustment for either itemized deductions or the standard deduction.*

**You must complete Form 140 Schedule A only if any of the following items apply to you:**

1. You are deducting medical and dental expenses.
2. You are claiming a federal credit (from federal Form 8396) for interest paid on mortgage credit certificates.
3. Your deductions claimed on the federal Schedule A include expenses related to income not subject to Arizona tax.
4. You are claiming an Arizona credit for any amount allowed as a charitable contribution or a state income tax deduction.

If any of those items (1 through 4) apply to you, complete federal Form 1040 Schedule A, and then complete Form 140 Schedule A as instructed.

**Do not complete Form 140 Schedule A if those items do not apply to you.**

If you do not have to complete Form 140 Schedule A, enter the amount from federal Form 1040 Schedule A on Arizona Form 140, page 2, line 43.

## Line-by-Line Instructions

### Lines 1 through 4 - Medical and Dental Expenses

*Skip lines 1 through 4 if you are **not** deducting medical and dental expenses.*

In most cases, the deduction allowed on the Arizona return will be larger than the deduction allowed on the federal return. On your Arizona return, you do not have to reduce your medical expenses by a percentage of your federal adjusted gross income.

In most cases, you may deduct more medical expenses on your Arizona return than you can deduct on your federal return. Complete lines 1 through 4 to deduct those expenses that were not allowed on federal return due to limitations.

#### Line 1

Enter the total of your medical and dental expenses. Do not include any expenses that were paid by 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 amounts 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.

For details about what types of expenses you may deduct, see federal Form 1040 Schedule A.

#### Lines 2 through 4

Complete lines 2 through 4 as instructed on the form.

#### Line 5 - Interest Paid on Mortgage Credit Certificates

*Skip line 5 if you are **not** claiming a federal credit for interest paid on mortgage credit certificates on your federal return.*

If you claimed this credit on your federal return (using federal Form 8396), you may deduct the amount of mortgage interest you paid in 2024 that is equal to the amount of that credit. Enter the amount of that interest on line 5.

#### Line 6 - Adjustments to Charitable Contributions

*Skip line 6a if you are **not** claiming an Arizona tax credit for any amount allowed as a charitable contribution.*

You cannot claim both a deduction and a credit for the same charitable contributions. Enter the amount of charitable contributions for which you are claiming a credit.

| For Example:                        |   |   |
|-------------------------------------|---|---|
| If you claimed a credit on AZ Form: | For:  |   |
| 321                                 | Contributions to Qualifying Charitable Organizations  | You must make an entry on line 6 if you deducted the amount contributed as an itemized deduction on federal Form 1040 Schedule A. |
| 322                                 | Contributions Made or Fees Paid to Public Schools   |   |
| 323                                 | Contributions to Private School Tuition Organization  |   |
| 331                                 | Donation of School Site   |   |
| 335-I                               | Contributions made by an S Corporation to a School Tuition Organizations - Individual   |   |
| 340                                 | Donations 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 return, because you claimed the credit on your 2023 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, because you are claiming the credit on your 2024 return.

**Line 7 – 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 as 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 8.
- If no, complete the worksheet on page 2 of Form 140 Schedule A to determine the amount of your adjustment to enter on line 7.

**Line 8 - Other Adjustments**

You may not deduct any expense that relates to income not subject to Arizona tax. You must complete line 7 if your federal Schedule A includes such expenses. Such expenses include:

1. Interest or other related expenses incurred to purchase or carry U.S. obligations, when the income is not subject to Arizona tax.
2. State taxes paid to other states for prior years if you were not an Arizona resident for that prior year.
3. Employee business expenses that relate to income not subject to Arizona tax.

This list is not complete. There may be other items included in your federal Schedule A that you cannot deduct on the Arizona return.

Enter the amount of expenses deductible on federal Schedule A that are allocable to income that is not subject to Arizona income tax.

**Lines 9 through 14 - Adjusted Itemized Deductions**

Complete lines 9 through 14 as instructed on the form.

**Line 15 – Arizona Itemized Deductions**

Subtract line 14 from line 13 and enter the difference. If less than zero, enter “0”. Also, enter the amount on Form 140, page 2, line 43.

**NOTE:** *The amount entered on line 15 cannot be a negative number. Entering a negative number on Form 140, line 43 may delay the processing of your return.*