

Senate Engrossed

income tax; currency transactions; effect

State of Arizona  
Senate  
Fifty-sixth Legislature  
Second Regular Session  
2024

# SENATE BILL 1092

AN ACT

AMENDING SECTIONS 43-1021, 43-1022, 43-1121 AND 43-1122, ARIZONA REVISED  
STATUTES; RELATING TO TAXATION OF INCOME.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 43-1021, Arizona Revised Statutes, is amended to  
3 read:

4 43-1021. Addition to Arizona gross income

5 In computing Arizona adjusted gross income, the following amounts  
6 shall be added to Arizona gross income:

7 1. A beneficiary's share of the fiduciary adjustment to the extent  
8 that the amount determined by section 43-1333 increases the beneficiary's  
9 Arizona gross income.

10 2. An amount equal to the ordinary income portion of a lump sum  
11 distribution that was excluded from federal adjusted gross income pursuant  
12 to the special rule for individuals who attained fifty years of age before  
13 January 1, 1986 under Public Law 99-514, section 1122(h)(3).

14 3. The amount of interest income received on obligations of any  
15 state, territory or possession of the United States, or any political  
16 subdivision thereof, located outside of this state, reduced, for taxable  
17 years beginning from and after December 31, 1996, by the amount of any  
18 interest on indebtedness and other related expenses that were incurred or  
19 continued to purchase or carry those obligations and that are not  
20 otherwise deducted or subtracted in arriving at Arizona gross income.

21 4. The excess of a partner's share of partnership taxable income  
22 required to be included under chapter 14, article 2 of this title over the  
23 income required to be reported under section 702(a)(8) of the internal  
24 revenue code.

25 5. The excess of a partner's share of partnership losses determined  
26 pursuant to section 702(a)(8) of the internal revenue code over the losses  
27 allowable under chapter 14, article 2 of this title.

28 6. Any amount of agricultural water conservation expenses that were  
29 deducted pursuant to the internal revenue code for which a credit is  
30 claimed under section 43-1084.

31 7. The amount by which the depreciation or amortization computed  
32 under the internal revenue code with respect to property for which a  
33 credit was taken under section 43-1081.01 or that is pollution control  
34 equipment for which a credit was taken before taxable year 2022 exceeds  
35 the amount of depreciation or amortization computed pursuant to the  
36 internal revenue code on the Arizona adjusted basis of the property.

37 8. The amount by which the adjusted basis computed under the  
38 internal revenue code with respect to property for which a credit was  
39 claimed under section 43-1074.02 or 43-1081.01 or that is pollution  
40 control equipment for which a credit was taken before taxable year 2022  
41 and that is sold or otherwise disposed of during the taxable year exceeds  
42 the adjusted basis of the property computed under section 43-1074.02 or  
43 43-1081.01 or for pollution control equipment, the section in which the  
44 credit was taken, as applicable.

1           9. The deduction referred to in section 1341(a)(4) of the internal  
2 revenue code for restoration of a substantial amount held under a claim of  
3 right.

4           10. The amount by which a net operating loss carryover or capital  
5 loss carryover allowable pursuant to section 1341(b)(5) of the internal  
6 revenue code exceeds the net operating loss carryover or capital loss  
7 carryover allowable pursuant to section 43-1029, subsection F.

8           11. The amount of any depreciation allowance allowed pursuant to  
9 section 167(a) of the internal revenue code to the extent not previously  
10 added.

11           12. The amount of a nonqualified withdrawal, as defined in section  
12 15-1871, from a college savings plan established pursuant to section 529  
13 of the internal revenue code that is made to a distributee to the extent  
14 the amount is not included in computing federal adjusted gross income,  
15 except that the amount added under this paragraph shall not exceed the  
16 difference between the amount subtracted under section 43-1022 in prior  
17 taxable years and the amount added under this section in any prior taxable  
18 years.

19           13. If a subtraction is or has been taken by the taxpayer under  
20 section 43-1024, in the current or a prior taxable year for the full  
21 amount of eligible access expenditures paid or incurred to comply with the  
22 requirements of the Americans with disabilities act of 1990 (P.L. 101-336)  
23 or title 41, chapter 9, article 8, any amount of eligible access  
24 expenditures that is recognized under the internal revenue code, including  
25 any amount that is amortized according to federal amortization schedules,  
26 and that is included in computing taxable income for the current taxable  
27 year.

28           14. For taxable years beginning from and after December 31, 2017,  
29 the amount of any net capital loss included in Arizona gross income for  
30 the taxable year that is derived from the exchange of one kind of legal  
31 tender for another kind of legal tender. For the purposes of this  
32 paragraph:

33           (a) "Legal tender" means a medium of exchange, including specie,  
34 that is authorized by the United States Constitution or Congress to pay  
35 debts, public charges, taxes and dues.

36           (b) "Specie" means coins having precious metal content.

37           15. For taxable years beginning from and after December 31, 2021,  
38 the amount deducted by the partnership or S corporation pursuant to the  
39 internal revenue code for the amount paid to this state under section  
40 43-1014 and for taxes that the department determines are substantially  
41 similar to the tax imposed under section 43-1014. This amount shall be  
42 reflected in the partner's or shareholder's Arizona gross income and the  
43 partnership's or S corporation's Arizona taxable income.

44           16. The amount of any motion picture production costs that was  
45 deducted pursuant to the internal revenue code for which a tax credit is  
46 claimed under section 43-1082.

1           17. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2024,  
2 THE AMOUNT OF ANY NET CAPITAL LOSS INCLUDED IN ARIZONA GROSS INCOME FOR  
3 THE TAXABLE YEAR THAT IS DERIVED FROM A FOREIGN CURRENCY TRANSACTION. FOR  
4 THE PURPOSES OF THIS PARAGRAPH, "FOREIGN CURRENCY" MEANS THE COIN AND  
5 PAPER MONEY OF A COUNTRY OTHER THAN THE UNITED STATES THAT IS DESIGNATED  
6 AS LEGAL TENDER, THAT CIRCULATES AND THAT IS CUSTOMARILY USED AND ACCEPTED  
7 AS A MEDIUM OF EXCHANGE IN THE COUNTRY OF ISSUANCE.

8           18. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2024,  
9 THE AMOUNT OF ANY NET CAPITAL LOSS INCLUDED IN ARIZONA GROSS INCOME FOR  
10 THE TAXABLE YEAR THAT IS DERIVED FROM A VIRTUAL CURRENCY TRANSACTION. FOR  
11 THE PURPOSES OF THIS PARAGRAPH, "VIRTUAL CURRENCY" HAS THE SAME MEANING  
12 PRESCRIBED IN SECTION 43-1028.

13           Sec. 2. Section 43-1022, Arizona Revised Statutes, is amended to  
14 read:

15           43-1022. Subtractions from Arizona gross income

16           In computing Arizona adjusted gross income, the following amounts  
17 shall be subtracted from Arizona gross income:

18           1. The amount of exemptions allowed by section 43-1023.

19           2. Benefits, annuities and pensions in an amount totaling not more  
20 than \$2,500 received from one or more of the following:

21           (a) The United States government service retirement and disability  
22 fund, the United States foreign service retirement and disability system  
23 and any other retirement system or plan established by federal law, except  
24 retired or retainer pay of the uniformed services of the United States  
25 that qualifies for a subtraction under paragraph 26 of this section.

26           (b) The Arizona state retirement system, the corrections officer  
27 retirement plan, the public safety personnel retirement system, the  
28 elected officials' retirement plan, an optional retirement program  
29 established by the Arizona board of regents under section 15-1628, an  
30 optional retirement program established by a community college district  
31 board under section 15-1451 or a retirement plan established for employees  
32 of a county, city or town in this state.

33           3. A beneficiary's share of the fiduciary adjustment to the extent  
34 that the amount determined by section 43-1333 decreases the beneficiary's  
35 Arizona gross income.

36           4. Interest income received on obligations of the United States,  
37 minus any interest on indebtedness, or other related expenses, and  
38 deducted in arriving at Arizona gross income, that were incurred or  
39 continued to purchase or carry such obligations.

40           5. The excess of a partner's share of income required to be  
41 included under section 702(a)(8) of the internal revenue code over the  
42 income required to be included under chapter 14, article 2 of this title.

43           6. The excess of a partner's share of partnership losses determined  
44 pursuant to chapter 14, article 2 of this title over the losses allowable  
45 under section 702(a)(8) of the internal revenue code.

1           7. The amount allowed by section 43-1025 for contributions during  
2 the taxable year of agricultural crops to charitable organizations.

3           8. The portion of any wages or salaries paid or incurred by the  
4 taxpayer for the taxable year that is equal to the amount of the federal  
5 work opportunity credit, the empowerment zone employment credit, the  
6 credit for employer paid social security taxes on employee cash tips and  
7 the Indian employment credit that the taxpayer received under sections  
8 45A, 45B, 51(a) and 1396 of the internal revenue code.

9           9. The amount of exploration expenses that is determined pursuant  
10 to section 617 of the internal revenue code, that has been deferred in a  
11 taxable year ending before January 1, 1990 and for which a subtraction has  
12 not previously been made. The subtraction shall be made on a ratable  
13 basis as the units of produced ores or minerals discovered or explored as  
14 a result of this exploration are sold.

15           10. The amount included in federal adjusted gross income pursuant  
16 to section 86 of the internal revenue code, relating to taxation of social  
17 security and railroad retirement benefits.

18           11. To the extent not already excluded from Arizona gross income  
19 under the internal revenue code, compensation received for active service  
20 as a member of the reserves, the national guard or the armed forces of the  
21 United States, including compensation for service in a combat zone as  
22 determined under section 112 of the internal revenue code.

23           12. The amount of unreimbursed medical and hospital costs, adoption  
24 counseling, legal and agency fees and other nonrecurring costs of adoption  
25 not to exceed \$3,000. In the case of a husband and wife who file separate  
26 returns, the subtraction may be taken by either taxpayer or may be divided  
27 between them, but the total subtractions allowed both husband and wife may  
28 not exceed \$3,000. The subtraction under this paragraph may be taken for  
29 the costs that are described in this paragraph and that are incurred in  
30 prior years, but the subtraction may be taken only in the year during  
31 which the final adoption order is granted.

32           13. The amount authorized by section 43-1027 for the taxable year  
33 relating to qualified wood stoves, wood fireplaces or gas fired  
34 fireplaces.

35           14. The amount by which a net operating loss carryover or capital  
36 loss carryover allowable pursuant to section 43-1029, subsection F exceeds  
37 the net operating loss carryover or capital loss carryover allowable  
38 pursuant to section 1341(b)(5) of the internal revenue code.

39           15. Any amount of qualified educational expenses that is  
40 distributed from a qualified state tuition program determined pursuant to  
41 section 529 of the internal revenue code and that is included in income in  
42 computing federal adjusted gross income.

43           16. Any item of income resulting from an installment sale that has  
44 been properly subjected to income tax in another state in a previous  
45 taxable year and that is included in Arizona gross income in the current  
46 taxable year.

1           17. For property placed in service:

2           (a) In taxable years beginning before December 31, 2012, an amount  
3 equal to the depreciation allowable pursuant to section 167(a) of the  
4 internal revenue code for the taxable year computed as if the election  
5 described in section 168(k) of the internal revenue code had been made for  
6 each applicable class of property in the year the property was placed in  
7 service.

8           (b) In taxable years beginning from and after December 31, 2012  
9 through December 31, 2013, an amount determined in the year the asset was  
10 placed in service based on the calculation in subdivision (a) of this  
11 paragraph. In the first taxable year beginning from and after  
12 December 31, 2013, the taxpayer may elect to subtract the amount necessary  
13 to make the depreciation claimed to date for the purposes of this title  
14 the same as it would have been if subdivision (c) of this paragraph had  
15 applied for the entire time the asset was in service. Subdivision (c) of  
16 this paragraph applies for the remainder of the asset's life. If the  
17 taxpayer does not make the election under this subdivision, subdivision  
18 (a) of this paragraph applies for the remainder of the asset's life.

19           (c) In taxable years beginning from and after December 31, 2013  
20 through December 31, 2015, an amount equal to the depreciation allowable  
21 pursuant to section 167(a) of the internal revenue code for the taxable  
22 year as computed as if the additional allowance for depreciation had been  
23 ten percent of the amount allowed pursuant to section 168(k) of the  
24 internal revenue code.

25           (d) In taxable years beginning from and after December 31, 2015  
26 through December 31, 2016, an amount equal to the depreciation allowable  
27 pursuant to section 167(a) of the internal revenue code for the taxable  
28 year as computed as if the additional allowance for depreciation had been  
29 fifty-five percent of the amount allowed pursuant to section 168(k) of the  
30 internal revenue code.

31           (e) In taxable years beginning from and after December 31, 2016, an  
32 amount equal to the depreciation allowable pursuant to section 167(a) of  
33 the internal revenue code for the taxable year as computed as if the  
34 additional allowance for depreciation had been the full amount allowed  
35 pursuant to section 168(k) of the internal revenue code.

36           18. With respect to property that is sold or otherwise disposed of  
37 during the taxable year by a taxpayer that complied with section 43-1021,  
38 paragraph 11 with respect to that property, the amount of depreciation  
39 that has been allowed pursuant to section 167(a) of the internal revenue  
40 code to the extent that the amount has not already reduced Arizona taxable  
41 income in the current or prior taxable years.

42           19. The amount contributed during the taxable year to college  
43 savings plans established pursuant to section 529 of the internal revenue  
44 code on behalf of the designated beneficiary to the extent that the  
45 contributions were not deducted in computing federal adjusted gross  
46 income. The amount subtracted may not exceed:

1 (a) \$2,000 per beneficiary for a single individual or a head of  
2 household.

3 (b) \$4,000 per beneficiary for a married couple filing a joint  
4 return. In the case of a husband and wife who file separate returns, the  
5 subtraction may be taken by either taxpayer or may be divided between  
6 them, but the total subtractions allowed both husband and wife may not  
7 exceed \$4,000 per beneficiary.

8 20. The portion of the net operating loss carryforward that would  
9 have been allowed as a deduction in the current year pursuant to section  
10 172 of the internal revenue code if the election described in section  
11 172(b)(1)(H) of the internal revenue code had not been made in the year of  
12 the loss that exceeds the actual net operating loss carryforward that was  
13 deducted in arriving at federal adjusted gross income. This subtraction  
14 only applies to taxpayers who made an election under section 172(b)(1)(H)  
15 of the internal revenue code as amended by section 1211 of the American  
16 recovery and reinvestment act of 2009 (P.L. 111-5) or as amended by  
17 section 13 of the worker, homeownership, and business assistance act of  
18 2009 (P.L. 111-92).

19 21. For taxable years beginning from and after December 31, 2013,  
20 the amount of any net capital gain included in federal adjusted gross  
21 income for the taxable year derived from investment in a qualified small  
22 business as determined by the Arizona commerce authority pursuant to  
23 section 41-1518.

24 22. An amount of any net long-term capital gain included in federal  
25 adjusted gross income for the taxable year that is derived from an  
26 investment in an asset acquired after December 31, 2011, as follows:

27 (a) For taxable years beginning from and after December 31, 2012  
28 through December 31, 2013, ten percent of the net long-term capital gain  
29 included in federal adjusted gross income.

30 (b) For taxable years beginning from and after December 31, 2013  
31 through December 31, 2014, twenty percent of the net long-term capital  
32 gain included in federal adjusted gross income.

33 (c) For taxable years beginning from and after December 31, 2014,  
34 twenty-five percent of the net long-term capital gain included in federal  
35 adjusted gross income. For the purposes of this paragraph, a transferee  
36 that receives an asset by gift or at the death of a transferor is  
37 considered to have acquired the asset when the asset was acquired by the  
38 transferor. If the date an asset is acquired cannot be verified, a  
39 subtraction under this paragraph is not allowed.

40 23. If an individual is not claiming itemized deductions pursuant  
41 to section 43-1042, the amount of premium costs for long-term care  
42 insurance, as defined in section 20-1691.

43 24. The amount of eligible access expenditures paid or incurred  
44 during the taxable year to comply with the requirements of the Americans  
45 with disabilities act of 1990 (P.L. 101-336) or title 41, chapter 9,  
46 article 8 as provided by section 43-1024.

1           25. For taxable years beginning from and after December 31, 2017,  
2 the amount of any net capital gain included in Arizona gross income for  
3 the taxable year that is derived from the exchange of one kind of legal  
4 tender for another kind of legal tender. For the purposes of this  
5 paragraph:

6           (a) "Legal tender" means a medium of exchange, including specie,  
7 that is authorized by the United States Constitution or Congress to pay  
8 debts, public charges, taxes and dues.

9           (b) "Specie" means coins having precious metal content.

10          26. Benefits, annuities and pensions received as retired or  
11 retainer pay of the uniformed services of the United States in amounts as  
12 follows:

13          (a) For taxable years through December 31, 2018, an amount totaling  
14 not more than \$2,500.

15          (b) For taxable years beginning from and after December 31, 2018  
16 through December 31, 2020, an amount totaling not more than \$3,500.

17          (c) For taxable years beginning from and after December 31, 2020,  
18 the full amount received.

19          27. For taxable years beginning from and after December 31, 2020,  
20 the amount contributed during the taxable year to an achieving a better  
21 life experience account established pursuant to section 529A of the  
22 internal revenue code on behalf of the designated beneficiary to the  
23 extent that the contributions were not deducted in computing federal  
24 adjusted gross income. The amount subtracted may not exceed:

25          (a) \$2,000 per beneficiary for a single individual or a head of  
26 household.

27          (b) \$4,000 per beneficiary for a married couple filing a joint  
28 return. In the case of a husband and wife who file separate returns, the  
29 subtraction may be taken by either taxpayer or may be divided between  
30 them, but the total subtractions allowed both husband and wife may not  
31 exceed \$4,000 per beneficiary.

32          28. For taxable years beginning from and after December 31, 2020,  
33 Arizona small business gross income but only if an individual taxpayer has  
34 elected to separately report and pay tax on the taxpayer's Arizona small  
35 business adjusted gross income on the Arizona small business income tax  
36 return.

37          29. To the extent not already excluded from Arizona gross income  
38 under the internal revenue code, the value of virtual currency and  
39 non-fungible tokens the taxpayer received pursuant to an airdrop at the  
40 time of the airdrop. This paragraph may not be interpreted as providing a  
41 subtraction for any appreciation in value that occurs from holding the  
42 virtual currency after the initial receipt of the airdrop. For the  
43 purposes of this paragraph:

44          (a) "Airdrop" means the receipt of virtual currency through a means  
45 of distribution of virtual currency to the distributed ledger addresses of  
46 multiple taxpayers.



1 (b) "Non-fungible token" has the same meaning prescribed in section  
2 43-1028.

3 (c) "Virtual currency" has the same meaning prescribed in section  
4 43-1028.

5 30. The amount allowed as a subtraction by section 43-1028 for gas  
6 fees not already included in the taxpayer's virtual currency or  
7 non-fungible token basis.

8 31. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2024,  
9 THE AMOUNT OF ANY NET CAPITAL GAIN INCLUDED IN ARIZONA GROSS INCOME FOR  
10 THE TAXABLE YEAR THAT IS DERIVED FROM A FOREIGN CURRENCY TRANSACTION. FOR  
11 THE PURPOSES OF THIS PARAGRAPH, "FOREIGN CURRENCY" MEANS THE COIN AND  
12 PAPER MONEY OF A COUNTRY OTHER THAN THE UNITED STATES THAT IS DESIGNATED  
13 AS LEGAL TENDER, THAT CIRCULATES AND THAT IS CUSTOMARILY USED AND ACCEPTED  
14 AS A MEDIUM OF EXCHANGE IN THE COUNTRY OF ISSUANCE.

15 32. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2024,  
16 THE AMOUNT OF ANY NET CAPITAL GAIN INCLUDED IN ARIZONA GROSS INCOME FOR  
17 THE TAXABLE YEAR THAT IS DERIVED FROM A VIRTUAL CURRENCY TRANSACTION. FOR  
18 THE PURPOSES OF THIS PARAGRAPH, "VIRTUAL CURRENCY" HAS THE SAME MEANING  
19 PRESCRIBED IN SECTION 43-1028.

20 Sec. 3. Section 43-1121, Arizona Revised Statutes, is amended to  
21 read:

22 43-1121. Additions to Arizona gross income; corporations

23 In computing Arizona taxable income for a corporation, the following  
24 amounts shall be added to Arizona gross income:

25 1. The amount of interest income received on obligations of any  
26 state, territory or possession of the United States, or any political  
27 subdivision thereof, located outside this state, reduced, for taxable  
28 years beginning from and after December 31, 1996, by the amount of any  
29 interest on indebtedness and other related expenses that were incurred or  
30 continued to purchase or carry those obligations and that are not  
31 otherwise deducted or subtracted in arriving at Arizona gross income.

32 2. The excess of a partner's share of partnership taxable income  
33 required to be included under chapter 14, article 2 of this title over the  
34 income required to be reported under section 702(a)(8) of the internal  
35 revenue code.

36 3. The excess of a partner's share of partnership losses determined  
37 pursuant to section 702(a)(8) of the internal revenue code over the losses  
38 allowable under chapter 14, article 2 of this title.

39 4. The amount of any depreciation allowance allowed pursuant to  
40 section 167(a) of the internal revenue code to the extent not previously  
41 added.

42 5. The amount of dividend income received from corporations and  
43 allowed as a deduction pursuant to sections 243, 245, 245A and  
44 250(a)(1)(B) of the internal revenue code.

1           6. Taxes that are based on income paid to states, local governments  
2 or foreign governments and that were deducted in computing federal taxable  
3 income.

4           7. Expenses and interest relating to tax-exempt income on  
5 indebtedness incurred or continued to purchase or carry obligations the  
6 interest on which is wholly exempt from the tax imposed by this title.  
7 Financial institutions, as defined in section 6-101, shall be governed by  
8 section 43-961, paragraph 2.

9           8. Commissions, rentals and other amounts paid or accrued to a  
10 domestic international sales corporation controlled by the payor  
11 corporation if the domestic international sales corporation is not  
12 required to report its taxable income to this state because its income is  
13 not derived from or attributable to sources within this state. If the  
14 domestic international sales corporation is subject to article 4 of this  
15 chapter, the department shall prescribe by rule the method of determining  
16 the portion of the commissions, rentals and other amounts that are paid or  
17 accrued to the controlled domestic international sales corporation and  
18 that shall be deducted by the payor. For the purposes of this paragraph,  
19 "control" means direct or indirect ownership or control of fifty percent  
20 or more of the voting stock of the domestic international sales  
21 corporation by the payor corporation.

22           9. The amount of net operating loss taken pursuant to section 172  
23 of the internal revenue code.

24           10. The amount of exploration expenses determined pursuant to  
25 section 617 of the internal revenue code to the extent that they exceed  
26 \$75,000 and to the extent that the election is made to defer those  
27 expenses not in excess of \$75,000.

28           11. Amortization of costs incurred to install pollution control  
29 devices and deducted pursuant to the internal revenue code or the amount  
30 of deduction for depreciation taken pursuant to the internal revenue code  
31 on pollution control devices for which an election is made pursuant to  
32 section 43-1129.

33           12. The amount of depreciation or amortization of costs of child  
34 care facilities deducted pursuant to section 167 or 188 of the internal  
35 revenue code for which an election is made to amortize pursuant to section  
36 43-1130.

37           13. The loss of an insurance company that is exempt under section  
38 43-1201 to the extent that it is included in computing Arizona gross  
39 income on a consolidated return pursuant to section 43-947.

40           14. The amount by which the depreciation or amortization computed  
41 under the internal revenue code with respect to property for which a  
42 credit was taken under section 43-1170 exceeds the amount of depreciation  
43 or amortization computed pursuant to the internal revenue code on the  
44 Arizona adjusted basis of the property.

1           15. The amount by which the adjusted basis computed under the  
2 internal revenue code with respect to property for which a credit was  
3 claimed under section 43-1170 and that is sold or otherwise disposed of  
4 during the taxable year exceeds the adjusted basis of the property  
5 computed under section 43-1170.

6           16. The deduction referred to in section 1341(a)(4) of the internal  
7 revenue code for restoration of a substantial amount held under a claim of  
8 right.

9           17. The amount by which a capital loss carryover allowable pursuant  
10 to section 1341(b)(5) of the internal revenue code exceeds the capital  
11 loss carryover allowable pursuant to section 43-1130.01, subsection F.

12           18. Any wage expenses deducted pursuant to the internal revenue  
13 code for which a credit is claimed under section 43-1175 and representing  
14 net increases in qualified employment positions for employment of  
15 temporary assistance for needy families recipients.

16           19. Any amount of expenses that were deducted pursuant to the  
17 internal revenue code and for which a credit is claimed under section  
18 43-1178.

19           20. Any amount deducted pursuant to section 170 of the internal  
20 revenue code representing contributions to a school tuition organization  
21 for which a credit is claimed under section 43-1183 or 43-1184.

22           21. If a subtraction is or has been taken by the taxpayer under  
23 section 43-1124, in the current or a prior taxable year for the full  
24 amount of eligible access expenditures paid or incurred to comply with the  
25 requirements of the Americans with disabilities act of 1990 (P.L. 101-336)  
26 or title 41, chapter 9, article 8, any amount of eligible access  
27 expenditures that is recognized under the internal revenue code, including  
28 any amount that is amortized according to federal amortization schedules,  
29 and that is included in computing Arizona taxable income for the current  
30 taxable year.

31           22. For taxable years beginning from and after December 31, 2017,  
32 the amount of any net capital loss included in Arizona gross income for  
33 the taxable year that is derived from the exchange of one kind of legal  
34 tender for another kind of legal tender. For the purposes of this  
35 paragraph:

36           (a) "Legal tender" means a medium of exchange, including specie,  
37 that is authorized by the United States Constitution or Congress to pay  
38 debts, public charges, taxes and dues.

39           (b) "Specie" means coins having precious metal content.

40           23. The amount of any deduction that is claimed in computing  
41 Arizona gross income and that represents a donation of a school site for  
42 which a credit is claimed under section 43-1181.

43           24. The amount of any motion picture production costs that was  
44 deducted pursuant to the internal revenue code for which a tax credit is  
45 claimed under section 43-1165.



1 section 316 of the internal revenue code. This subtraction shall apply  
2 without regard to section 43-961, paragraph 2 and article 4 of this  
3 chapter.

4 8. Interest income received on obligations of the United States.

5 9. The amount of dividend income from foreign corporations. For  
6 the purposes of this paragraph, gross up income as described in section 78  
7 of the internal revenue code, global intangible low-taxed income as  
8 defined in section 951A of the internal revenue code and subpart F income  
9 as defined in section 952 of the internal revenue code shall be considered  
10 foreign dividends.

11 10. The amount of net operating loss allowed by section 43-1123.

12 11. The amount of any state income tax refunds received that were  
13 included as income in computing federal taxable income.

14 12. The amount of expense recapture included in income pursuant to  
15 section 617 of the internal revenue code for mine exploration expenses.

16 13. The amount of deferred exploration expenses allowed by section  
17 43-1127.

18 14. The amount of exploration expenses related to the exploration  
19 of oil, gas or geothermal resources, computed in the same manner and on  
20 the same basis as a deduction for mine exploration pursuant to section 617  
21 of the internal revenue code. This computation is subject to the  
22 adjustments contained in section 43-1121, paragraph 10 and paragraphs 12  
23 and 13 of this section relating to exploration expenses.

24 15. The amortization of pollution control devices allowed by  
25 section 43-1129.

26 16. The amount of amortization of the cost of child care facilities  
27 pursuant to section 43-1130.

28 17. The amount of income from a domestic international sales  
29 corporation required to be included in the income of its shareholders  
30 pursuant to section 995 of the internal revenue code.

31 18. The income of an insurance company that is exempt under section  
32 43-1201 to the extent that it is included in computing Arizona gross  
33 income on a consolidated return pursuant to section 43-947.

34 19. The amount by which a capital loss carryover allowable pursuant  
35 to section 43-1130.01, subsection F exceeds the capital loss carryover  
36 allowable pursuant to section 1341(b)(5) of the internal revenue code.

37 20. An amount equal to the depreciation allowable pursuant to  
38 section 167(a) of the internal revenue code for the taxable year computed  
39 as if the election described in section 168(k)(7) of the internal revenue  
40 code had been made for each applicable class of property in the year the  
41 property was placed in service.

42 21. The amount of eligible access expenditures paid or incurred  
43 during the taxable year to comply with the requirements of the Americans  
44 with disabilities act of 1990 (P.L. 101-336) or title 41, chapter 9,  
45 article 8 as provided by section 43-1124.

1           22. For taxable years beginning from and after December 31, 2017,  
2 the amount of any net capital gain included in Arizona gross income for  
3 the taxable year that is derived from the exchange of one kind of legal  
4 tender for another kind of legal tender. For the purposes of this  
5 paragraph:

6           (a) "Legal tender" means a medium of exchange, including specie,  
7 that is authorized by the United States Constitution or Congress to pay  
8 debts, public charges, taxes and dues.

9           (b) "Specie" means coins having precious metal content.

10          23. With respect to a public service corporation operating a water  
11 system or sewage disposal facility, the amount of monies or property  
12 received as a contribution in aid of construction. For the purposes of  
13 this paragraph:

14          (a) "Contribution in aid of construction" means any amount of  
15 monies or other property contributed to a public service corporation that  
16 provides water or sewage disposal services to the extent that the purpose  
17 of the contribution is to provide for expanding, improving or replacing  
18 the public service corporation's water system or sewage disposal  
19 facilities, including any amount of monies or other property contributed  
20 to a public service corporation for a water system or sewage disposal  
21 facility subject to a contingent obligation to repay the amount, in whole  
22 or in part, to the contributor.

23          (b) "Public service corporation" means a public service corporation  
24 as defined in article XV, section 2, Constitution of Arizona, that is  
25 regulated by the corporation commission.

26          24. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2024,  
27 THE AMOUNT OF ANY NET CAPITAL GAIN INCLUDED IN ARIZONA GROSS INCOME FOR  
28 THE TAXABLE YEAR THAT IS DERIVED FROM A FOREIGN CURRENCY TRANSACTION. FOR  
29 THE PURPOSES OF THIS PARAGRAPH, "FOREIGN CURRENCY" MEANS THE COIN AND  
30 PAPER MONEY OF A COUNTRY OTHER THAN THE UNITED STATES THAT IS DESIGNATED  
31 AS LEGAL TENDER, THAT CIRCULATES AND THAT IS CUSTOMARILY USED AND ACCEPTED  
32 AS A MEDIUM OF EXCHANGE IN THE COUNTRY OF ISSUANCE.

33          25. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2024,  
34 THE AMOUNT OF ANY NET CAPITAL GAIN INCLUDED IN ARIZONA GROSS INCOME FOR  
35 THE TAXABLE YEAR THAT IS DERIVED FROM A VIRTUAL CURRENCY TRANSACTION. FOR  
36 THE PURPOSES OF THIS PARAGRAPH, "VIRTUAL CURRENCY" HAS THE SAME MEANING  
37 PRESCRIBED IN SECTION 43-1028.