

Presentation to:

Joint Task Force
On Arizona Income Tax Reform

August 21, 2013

By:
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- **Very brief review of a Federal Form 1040 with 6 common types of income and typical itemized deductions.**
- **What adjustments does Arizona Form 140 require? Simplicity vs Economic Result?**
- **Common Arizona Adjustments**
- **How does AZ compare to Utah, NC & CA in our example?**

(Note, changes to level and type of income may vary the state by state results dramatically.)

INDIVIDUAL INCOME TAX
COMMON ARIZONA ADJUSTMENTS

Additions to Arizona Income:

- Non-Arizona municipal bond interest

The amount of federally tax exempt municipal bond interest received in the taxable year from sources other than Arizona.

- Federal depreciation

The total amount of depreciation deducted on federal return in the taxable year. See subtractions below.

- Excess IRC Section 179 depreciation

The amount of Section 179 depreciation expense deducted on federal return in excess of \$25,000. *Effective January 1, 2013, Arizona has conformed with IRC Section 179 removing the Arizona \$25,000 cap.*

Subtractions from Arizona Income:

- Additional personal exemptions for individuals 65 and over, the blind, dependents, and qualifying parents or grandparents.

An additional Arizona personal exemption deduction for each of the following instances multiplied by the number of qualifying individuals:

<u>Qualifying Individuals:</u>	<u>Additional Exemption Amount:</u>
Individuals 65 and over	\$ 2,100
Blind	\$ 1,500
Dependents	\$ 2,300
Qualifying parents and grandparents	\$ 10,000

- Interest on US Savings Bonds

A state deduction equal to the federal taxable amount of interest earned on United States savings bonds.

- State and/or local government pension

A state deduction for pension income received from the United States Government Retirement Disability Fund, Arizona State Retirement System, and other federal and Arizona retirement systems and/or funds. The deduction is equal to amount received or \$2,500, whichever is less.

- Social security and railroad retirement benefits

A state deduction equal to the total amount of federally taxable social security or railroad retirement benefits received.

INDIVIDUAL INCOME TAX
COMMON ARIZONA ADJUSTMENTS

Subtractions (continued):

- Recalculated Arizona depreciation

The total amount of federal depreciation allowable pursuant to IRC 167(a) for the taxable year minus any amount federal bonus depreciation for eligible property.

- Prior IRC Section 179 depreciation not allowed

20% of current Section 179 depreciation added to Arizona income and previously non-deductible Section 179 depreciation. Adjustment effectively amortizes federally deductible Section 179 depreciation over five years. *Please see note above.*

- Net operating loss adjustment

Arizona re-calculated net operating losses deductible in the current taxable year when carried forward from prior taxable year (maximum of 20 years) or carried back from subsequent taxable years (maximum of 2 year).

- 529 (Education Savings Account) contributions

A state deduction for contributions to a 529 college saving account during the taxable year. The deduction is equal to the amount contributed, up to a maximum of \$2,000 (single) or \$4,000 (married filing joint) – effective January 1, 2013. Prior to 2013, deductible amounts were limited to \$750 (single) and \$1,500 (married filing joint).

- Adoption expenses

Arizona state deduction for adoption expenses (e.g. adoption counseling, legal and agency fees, other nonrecurring costs of adoption) paid in the taxable year the adoption order is granted. Deduction is equal to amount paid or \$3,000, whichever is less.

Itemized Deductions:

- Medical expenses in excess of federal deductible amount
- Charitable contributions deducted federally which are treated as a credit to Arizona tax (Form 301)

**2013 Individual Income Tax Brackets
Arizona and Selected States**

	Individual Income Levels		Rate
	Single	MFJ	
ARIZONA	0+	0+	2.59%
	10,000+	20,000+	2.88%
	25,000+	50,000+	3.36%
	50,000+	100,000+	4.24%
	150,000+	300,000+	4.54%
CALIFORNIA	0+	0+	1.0%
	7,124+	14,248+	2.0%
	16,890+	33,780+	4.0%
	26,657+	53,314+	6.0%
	37,005+	74,010+	8.0%
	46,766+	93,532+	9.3%
	1,000,000+	2,000,000+	10.3%
UTAH	0+	0+	5.0%
NORTH CAROLINA	0+	0+	6.0%
	12,750+	21,250+	7.0%
	60,000+	100,000+	7.75%

Source: Tax-rates.org

BENNY AND PENNY BANKS
INDIVIDUAL STATE INCOME TAX COMPARISON EXAMPLE

	<u>Arizona</u>	<u>Utah</u>	<u>North Carolina</u>	<u>California</u>
Federal Adjusted Gross Income	77,000	77,000	77,000	77,000
Additions to Income				
Federal Depreciation Adjustment	3,000		2,125	2,000
Non-State Municipal Bond Interest	1,000	1,000	1,000	1,000
Total Additions	<u>4,000</u>	<u>1,000</u>	<u>3,125</u>	<u>3,000</u>
Subtractions from Income				
Arizona 529 Education Savings Account Contribution	(500)			
Arizona Depreciation Adjustment	(1,000)			
California Adjustment for Self Employment Tax				138
Interest on US Savings Bonds	(500)	(500)	(500)	(500)
North Carolina Adjustment for Net Business Income			(15,000) ⁻⁴⁻	
Social Security and Railroad Retirement Benefits	(12,000)		(12,000)	(12,000)
Total Subtractions from Income	<u>(14,000)</u>	<u>(500)</u>	<u>(27,500)</u>	<u>(12,362)</u>
Standard or Itemized Deductions	(23,275) ⁻¹⁻	N/A	(16,900)	(16,900)
Personal Exemptions	<u>(4,200)</u>	N/A	<u>(5,000)</u>	N/A
State Taxable Income	<u>39,525</u>	<u>77,500</u>	<u>30,725</u>	<u>50,738</u>
State Income Tax Before Credits	1,080	3,875	1,938	1,172
Credits				
Arizona Working Poor Credit	(400) ⁻²⁻			
Utah Taxpayer Tax Credit		(687) ⁻³⁻		
California Personal Exemption Credit				(208) ⁻⁵⁻
State Income Tax	<u><u>680</u></u>	<u><u>3,188</u></u>	<u><u>1,938</u></u>	<u><u>964</u></u>

-1- Arizona itemized deductions includes a deduction for all medical expenses paid in a taxable year.

-2- Arizona nonrefundable tax credits allow taxpayers to reduce individual income tax significantly if eligible.

-3- Utah Taxpayer Tax Credit provides taxpayers a computed credit for personal exemptions and standard or itemized deductions which phases out as an individual's income exceeds a preset limit based on filing status.

-4- North Carolina Adjustment for Net Business Income provides the taxpayer a state deduction up to \$50,000 of non-passive business income (net of expenses)

-5- California Personal Exemption Credit provides taxpayers a credit for personal exemptions instead of a deduction.

(Note, changes to level and type of income may vary the state by state results dramatically)

Form 1040 U.S. Individual Income Tax Return 2012

For the year Jan 1 - Dec 31, 2012, or other tax year beginning , 2012, ending , 20

Your first name and initial BENNY BANKS Last name BANKS Your social security number 012-34-5678

If a joint return, spouse's first name and initial PENNY BANKS Last name BANKS Spouse's social security number 123-45-6789

Home address (number and street). If you have a P.O. box, see instructions. 1700 W WASHINGTON ST Apartment no. Make sure the SSN(s) above and on line 6c are correct.

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). PHOENIX, AZ 85007 Presidential Election Campaign

Foreign country name Foreign province/state/county Foreign postal code Check here if you, or your spouse if filing jointly, want \$3 to go to this fund? Checking a box below will not change your tax or refund. You Spouse

Filing Status 1 Single 2 Married filing jointly (even if only one had income) 3 Married filing separately. Enter spouse's SSN above & full name here. 4 Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. 5 Qualifying widow(er) with dependent child

Exemptions 6a Yourself. If someone can claim you as a dependent, do not check box 6a. 6b Spouse. Boxes checked on 6a and 6b. No. of children on 6c who: lived with you, did not live with you due to divorce or separation (see instrs), Dependents on 6c not entered above. Add numbers on lines above. Total number of exemptions claimed. 2

Income 7 Wages, salaries, tips, etc. Attach Form(s) W-2. 7 40,559. 8a Taxable interest. Attach Schedule B if required. 8a 500. 8b Tax-exempt interest. Do not include on line 8a. STMT. 2. 8b 1,000. 9a Ordinary dividends. Attach Schedule B if required. 9a 9b Qualified dividends. 9b 10 Taxable refunds, credits, or offsets of state and local income taxes. 10 11 Alimony received. 11 12 Business income or (loss). Attach Schedule C or C-EZ. 12 15,000. 13 Capital gain or (loss). Att Sch D if reqd. If not reqd, ck here. 13 14 Other gains or (losses). Attach Form 4797. 14 15a IRA distributions. 15a 15b Taxable amount. 15b 16a Pensions and annuities. 16a 16b Taxable amount. 16b 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E. 17 10,000. 18 Farm income or (loss). Attach Schedule F. 18 19 Unemployment compensation. 19 20a Social security benefits. 20a 14,118. 20b Taxable amount. 20b 12,000. 21 Other income. 21 22 Combine the amounts in the far right column for lines 7 through 21. This is your total income. 22 78,059.

Adjusted Gross Income 23 Educator expenses. 23 24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ. 24 25 Health savings account deduction. Attach Form 8889. 25 26 Moving expenses. Attach Form 3903. 26 27 Deductible part of self-employment tax. Attach Schedule SE. 27 1,059. 28 Self-employed SEP, SIMPLE, and qualified plans. 28 29 Self-employed health insurance deduction. 29 30 Penalty on early withdrawal of savings. 30 31a Alimony paid b Recipient's SSN. 31a 32 IRA deduction. 32 33 Student loan interest deduction. 33 34 Tuition and fees. Attach Form 8917. 34 35 Domestic production activities deduction. Attach Form 8903. 35 36 Add lines 23 through 35. 36 1,059. 37 Subtract line 36 from line 22. This is your adjusted gross income. 37 77,000.

Tax and Credits

Table with 3 columns: Line number, Description, and Amount. Rows include 38 (77,000), 39a (Total boxes checked 39a), 40 (17,900), 41 (59,100), 42 (7,600), 43 (51,500), 44 (6,859), 45 (0), 46 (6,859), 56 (1,842), 61 (8,701), 62 (5,500), 63 (2,500), 72 (8,000), 73, 74a, 75, 76 (701), 77.

Standard Deduction for - People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions. All others: Single or Married filing separately, \$5,950. Married filing jointly or Qualifying widow(er), \$11,900. Head of household, \$8,700.

Other Taxes

Payments

If you have a qualifying child, attach Schedule EIC.

Refund

Direct deposit? See instructions.

Amount You Owe

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)? [] Yes. Complete below. [X] No

Sign Here

Joint return? See instructions. Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Paid Preparer Use Only

Print/Type preparer's name, Preparer's signature (SELF-PREPARED), Date, Check if self-employed, PTIN, Firm's name, Firm's address, Firm's EIN, Phone no.

**SCHEDULE A
(Form 1040)**

Itemized Deductions

OMB No. 1545-0074

2012

Department of the Treasury
Internal Revenue Service (99)

► Information about Schedule A and its separate instructions is at www.irs.gov/form1040.
► Attach to Form 1040.

Attachment
Sequence No. **07**

Name(s) shown on Form 1040

Your social security number

BENNY AND PENNY BANKS

012-34-5678

		1	2	3	4	
Medical and Dental Expenses	Caution. Do not include expenses reimbursed or paid by others.					
	1 Medical and dental expenses (see instructions) STATEMENT 3	1	7,275.			
	2 Enter amount from Form 1040, line 38 2	2	77,000.			
	3 Multiply line 2 by 7.5% (.075)	3	5,775.			
4 Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4			1,500.		
Taxes You Paid	5 State and local (check only one box):	5	1,000.			
	a <input checked="" type="checkbox"/> Income taxes, or					
	b <input type="checkbox"/> General sales taxes					
	6 Real estate taxes (see instructions) SEE STATEMENT 4	6	2,000.			
	7 Personal property taxes	7				
	8 Other taxes. List type and amount ►	8				
	9 Add lines 5 through 8	9			3,000.	
	Interest You Paid	10 Home mtg interest and points reported to you on Form 1098 SEE ST 5	10	13,000.		
		11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying number, and address ►	11			
12 Points not reported to you on Form 1098. See instrs for spl rules		12				
13 Mortgage insurance premiums (see instructions)		13				
14 Investment interest. Attach Form 4952 if required. (See instrs.)		14				
15 Add lines 10 through 14		15			13,000.	
Gifts to Charity		16 Gifts by cash or check. If you made any gift of \$250 or more, see instrs SEE STATEMENT 6	16	400.		
	17 Other than by cash or check. If any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500	17				
	18 Carryover from prior year	18				
	19 Add lines 16 through 18	19			400.	
Casualty and Theft Losses	20 Casualty or theft loss(es). Attach Form 4684. (See instructions.)	20			0.	
Job Expenses and Certain Miscellaneous Deductions	21 Unreimbursed employee expenses — job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ►	21				
	22 Tax preparation fees	22				
	23 Other expenses — investment, safe deposit box, etc. List type and amount ►	23				
	24 Add lines 21 through 23	24				
	25 Enter amount from Form 1040, line 38 25	25				
	26 Multiply line 25 by 2% (.02)	26				
	27 Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-	27			0.	
Other Miscellaneous Deductions	28 Other — from list in instructions. List type and amount ►	28			0.	
Total Itemized Deductions	29 Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40	29			17,900.	
	30 If you elect to itemize deductions even though they are less than your standard deduction, check here <input type="checkbox"/>					

SCHEDULE C
(Form 1040)

Profit or Loss From Business
(Sole Proprietorship)

OMB No. 1545-0074

2012

Department of the Treasury
Internal Revenue Service (99)

► **For information on Schedule C and its instructions, go to www.irs.gov/schedulec.**
► **Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.**

Attachment
Sequence No. **09**

Name of proprietor BENNY BANKS		Social security number (SSN) 012-34-5678
A Principal business or profession, including product or service (see instructions) SOLE PROPRIETORSHIP	B Enter code from instructions ► 999999	
C Business name. If no separate business name, leave blank. MR. MONEY BAGS CONSULTING	D Employer ID number (EIN), (see instrs)	
E Business address (including suite or room no.) ► _____ City, town or post office, state, and ZIP code		
F Accounting method: (1) <input checked="" type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ► _____		
G Did you 'materially participate' in the operation of this business during 2012? If 'No,' see instructions for limit on losses.		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
H If you started or acquired this business during 2012, check here.		<input type="checkbox"/>
I Did you make any payments in 2012 that would require you to file Form(s) 1099? (see instructions).		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
J If 'Yes,' did you or will you file all required Forms 1099?		<input type="checkbox"/> Yes <input type="checkbox"/> No

Part I Income

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the 'Statutory employee' box on that form was checked.	1	
2 Returns and allowances (see instructions).	2	
3 Subtract line 2 from line 1.	3	21,000.
4 Cost of goods sold (from line 42).	4	
5 Gross profit. Subtract line 4 from line 3.	5	21,000.
6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions).	6	
7 Gross income. Add lines 5 and 6.	7	21,000.

Part II Expenses. Enter expenses for business use of your home only on line 30.

8 Advertising.	8		18 Office expense (see instructions).	18	1,000.
9 Car and truck expenses (see instructions).	9		19 Pension and profit-sharing plans.	19	
10 Commissions and fees.	10		20 Rent or lease (see instructions):		
11 Contract labor (see instructions).	11		a Vehicles, machinery, and equipment	20 a	
12 Depletion	12		b Other business property	20 b	1,000.
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions).	13	3,000.	21 Repairs and maintenance.	21	
14 Employee benefit programs (other than on line 19).	14		22 Supplies (not included in Part III).	22	
15 Insurance (other than health).	15		23 Taxes and licenses.	23	
16 Interest:			24 Travel, meals, and entertainment:		
a Mortgage (paid to banks, etc).	16 a		a Travel.	24 a	
b Other.	16 b		b Deductible meals and entertainment (see instructions).	24 b	
17 Legal & professional services.	17	1,000.	25 Utilities.	25	
28 Total expenses before expenses for business use of home. Add lines 8 through 27a.	28		26 Wages (less employment credits).	26	
29 Tentative profit or (loss). Subtract line 28 from line 7.	29	15,000.	27 a Other expenses (from line 48).	27 a	
30 Expenses for business use of your home. Attach Form 8829 . Do not report such expenses elsewhere.	30		b Reserved for future use	27 b	
31 Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Form 1040, line 12 (or Form 1040NR, line 13) and on Schedule SE, line 2 . If you checked the box on line 1, see instructions). Estates and trusts, enter on Form 1041, line 3 . • If a loss, you must go to line 32.				31	15,000.
32 If you have a loss, check the box that describes your investment in this activity (see instructions). • If you checked 32a, enter the loss on both Form 1040, line 12 , (or Form 1040NR, line 13) and on Schedule SE, line 2 . (If you checked the box on line 1, see the instructions for line 31). Estates and trusts, enter on Form 1041, line 3 . • If you checked 32b, you must attach Form 6198 . Your loss may be limited.				32 a	<input type="checkbox"/> All investment is at risk.
				32 b	<input type="checkbox"/> Some investment is not at risk.

BAA For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule C (Form 1040) 2012

ARIZONA FORM

Resident Personal Income Tax Return

FOR CALENDAR YEAR

140

OR FISCAL YEAR BEGINNING

AND ENDING

(66)

2012

(89) (X)

82F

Check box 82F if filing under extension

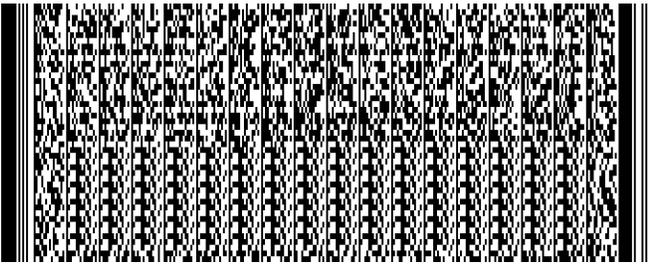
ONE STAPLE. NO TAPE.

Place any required federal and AZ schedules or other documents after Form 140 page 2; staple to upper left corner.

STAPLE PAYMENT HERE. NO TAPE.

Your First Name and Middle Initial 1 BENNY		Last Name BANKS		Enter your SSN(s). 012-34-5678	Your Social Security No.
Spouse's First Name and Middle Initial (if box 4 or 6 checked) 1 PENNY		Last Name BANKS			Spouse's Social Security No. 123-45-6789
Current Home Address — number and street, rural route Apt No. 2 1700 W WASHINGTON ST			Daytime Phone (with area code)		Home Phone (with area code) (94)
City, Town or Post Office 3 PHOENIX		State AZ	Zip Code 85007		

Filing Status	4	<input checked="" type="checkbox"/> Married filing joint return	NAME OF QUALIFYING CHILD OR DEPENDENT	REVENUE USE ONLY. DO NOT MARK IN THIS	
	5	<input type="checkbox"/> Head of household			
	6	<input type="checkbox"/> Married filing separate return. Enter spouse's name and Social Security No. above.			
	7	<input type="checkbox"/> Single			
Exemptions	Enter the number claimed. Do not put a check mark.				
	8	<input type="checkbox"/> Age 65 or over (you and/or spouse)		(88)	
	9	<input type="checkbox"/> Blind (you and/or spouse)			
	10	<input type="checkbox"/> Dependents. From page 2, line A2 — do not include self or spouse.			
11	<input type="checkbox"/> Qualifying parents and grandparents. From page 2, line A5.		(81)	(80)	

This box may be blank or may contain a printed barcode of data from your return.		12 Federal adjusted gross income	12	77,000.
		13 Additions to income (from page 2, line B12)	13	4,000.
		14 Subtractions (from page 2, line C17 or C30)	14	14,000.
		15 Arizona AGI: Lines (12 + 13) - line 14.	15	67,000.
		16 16 I <input checked="" type="checkbox"/> ITEMIZED 16 S <input type="checkbox"/> STANDARD	16	23,275.
		17 Personal exemptions	17	4,200.
		18 AZ taxable income: Line 15 - lines (16 + 17).	18	39,525.
		19 Compute tax: use line 18 & proper Tax Table.	19	1,080.
		20 Tax from recapture of credits	20	
		21 Subtotal of tax: Add lines 19 and 20	21	1,080.
		22 Family income tax credit (see instr.)	22	
		23 Credits (Forms 301, 310, 321, 322, and 323)	23	400.
		24 Cr Type (24) 3 2 1 3 3 3		
		25 Clean Elections Fund Tax Cr (prior 8/2/2012)	25	
26 Balance of tax: Subtract lines 22, 23 and 25 from line 21. If the sum of lines 22, 23 and 25 is more than line 21, enter zero		26	680.	
27 Arizona income tax withheld during 2012		27	1,000.	
28 Arizona estimated tax payments for 2012		28		
29 2012 Arizona extension payment (Form 204)		29		
30 Increased Excise Tax Credit (from Form 140PTC or worksheet in the instructions)		30		
31 Property Tax Credit from Form 140PTC		31		
32 Other refundable credits: Check the box(es) and enter the amount. 32 1 <input type="checkbox"/> Form 308-I 32 2 <input type="checkbox"/> Form 342		32		
33 Total payments/refundable credits: Add lines 27 through 32		33	1,000.	
34 TAX DUE: If line 26 is larger than line 33, subtract line 33 from line 26 and enter amount of tax due. Skip lines 35, 36 and 37.		34		
35 OVERPAYMENT: If line 33 is larger than line 26, subtract line 26 from line 33 and enter amount of overpayment		35	320.	
36 Amount of line 35 to be applied to 2013 estimated tax		36		
37 Balance of overpayment: Subtract line 36 from line 35		37	320.	

38-47 Voluntary Gifts to:			
Aid to Education	38	Arizona Wildlife	39
Child Abuse Prevention	40	Domestic Violence Shelter	41
I Didn't Pay Enough Fund	42	National Guard Relief Fund	43
Neighbors Helping Neighbors	44	Special Olympics	45
Veterans' Donations Fund	46	Political Gift	47
48 Voluntary Political gift (check only one): 48 1 <input type="checkbox"/> Americans Elect 48 2 <input type="checkbox"/> Democratic 48 3 <input type="checkbox"/> Green 48 4 <input type="checkbox"/> Libertarian 48 5 <input type="checkbox"/> Republican			
49 Estimated payment penalty and MSA withdrawal penalty		49	0.
50 Check applicable boxes 50 1 <input type="checkbox"/> Annualized/Other 50 2 <input type="checkbox"/> Farmer or Fisherman 50 3 <input type="checkbox"/> Form 221 attached 50 4 <input type="checkbox"/> MSA Penalty			
51 Total of lines 38 through 47 and 49		51	
52 REFUND: Subtract line 51 from line 37. If less than zero, enter amount owed on line 53		52	320.
Direct Deposit of Refund: Check box 52A if your deposit will be ultimately placed in a foreign account; see instructions. 52 A <input type="checkbox"/>			
ROUTING NO. ACCOUNT NO.			
(98) C <input type="checkbox"/> Checking or S <input type="checkbox"/> Savings			
53 AMOUNT OWED: Add lines 34 and 51. Make check payable to Arizona Department of Revenue; include SSN on payment		53	0.

Your Name (as shown on page 1) BENNY AND PENNY BANKS	Your Social Security No. 012-34-5678
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PART A: Dependents, Qualifying Parents and Grandparents – do not list yourself or spouse
If completing Part A, also complete Part C, lines C15 and/or C16 and C17.

A1 List children and other dependents. If more space is needed, attach a separate sheet.

FIRST AND LAST NAME	SOCIAL SECURITY NO.	RELATIONSHIP	NO. OF MONTHS LIVED IN YOUR HOME IN 2012

A2 Enter total number of persons listed in A1 here and on page 1 of this form, box 10; **also complete Part C below** TOTAL **A2**

A3 a Enter the names of the dependents listed above who do not qualify as your dependent on your federal return:

--

b Enter dependents listed above who were not claimed on your federal return due to education credits:

--

A4 List qualifying parents and grandparents. If more space is needed, attach a separate sheet. You cannot list the same person here and also on line A1. For information on who is a qualifying parent or grandparent, see instructions.

FIRST AND LAST NAME	SOCIAL SECURITY NO.	RELATIONSHIP	NO. OF MONTHS LIVED IN YOUR HOME IN 2012

A5 Enter total number of persons listed in A4 here and on page 1 of this form, box 11. TOTAL **A5**

PART B: Additions to Income

B6 Non-Arizona municipal interest SEE STATEMENT 1	B6	1,000.
B7 Ordinary income portion of lump-sum distributions excluded on your federal return.	B7	
B8 Total federal depreciation. Also see instructions for line C22.	B8	3,000.
B9 Medical savings account (MSA) distributions. See instructions.	B9	
B10 IRC Section 179 expense in excess of allowable amount. Also see instructions for line C26.	B10	
B11 Other additions to income. See instructions and attach your own schedule.	B11	
B12 Total. Add lines B6 through B11. Enter here and on page 1 of this form, line 13.	B12	4,000.

PART C: Subtractions from Income

C13 Exemption: Age 65 or over. Multiply the number in box 8, page 1, by \$2,100	C13	
C14 Exemption: Blind. Multiply the number in box 9, page 1, by \$1,500	C14	
C15 Exemption: Dependents. Multiply the number in box 10, page 1, by \$2,300.	C15	
C16 Exemption: Qualifying parents and grandparents. Multiply the number in box 11, page 1, by \$10,000.	C16	
C17 Total exemptions. Add lines C13 through C16. If you have no other subtractions from income, skip lines C18 through C30 and enter the amount on line C17 on Form 140, page 1, line 14.	C17	
C18 Interest on U.S. obligations such as U.S. savings bonds and treasury bills SEE STATEMENT 2	C18	500.
C19 Exclusion for federal, Arizona state or local government pensions (up to \$2,500 per taxpayer).	C19	
C20 Arizona state lottery winnings included as income on your federal return (up to \$5,000 only).	C20	
C21 U.S. Social Security or Railroad Retirement Act benefits included as income on your federal return (the taxable amount).	C21	12,000.
C22 Recalculated Arizona depreciation.	C22	1,000.
C23 Certain wages of American Indians.	C23	
C24 Income tax refund from other states. See instructions.	C24	
C25 Deposits and employer contributions into MSAs. See instructions.	C25	
C26 Adjustment for I.R.C. Section 179 expense not allowed.	C26	
C27 Pay received for active service as a member of the reserves, national guard or the U.S. armed forces.	C27	
C28 Net operating loss adjustment. See instructions before you enter any amount here.	C28	
C29 Other subtractions from income. See instructions and attach your own schedule. STMT 3	C29	500.
C30 Total: Add lines C17 through C29. Enter here and on page 1 of this form, line 14.	C30	14,000.

PART D: Last Name(s) Used in Prior Years – if different from name(s) used in current year

D31

PLEASE SIGN HERE	I have read this return and any attachments with it. Under penalties of perjury, I declare that to the best of my knowledge and belief, they are true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
	YOUR SIGNATURE _____	DATE _____	THE SAVER OCCUPATION _____
	SPOUSE'S SIGNATURE _____	DATE _____	THE SUPER SAVER SPOUSE'S OCCUPATION _____
	SELF-PREPARED PAID PREPARER'S SIGNATURE _____ DATE _____	FIRM'S NAME (PREPARER'S IF SELF-EMPLOYED) _____	
	PAID PREPARER'S TIN _____	PAID PREPARER'S ADDRESS _____	PAID PREPARER'S PHONE NO. _____

If you are also sending a payment, mail to Arizona Department of Revenue, PO Box 52016, Phoenix, AZ, 85072-2016 (PO Box 29204, Phoenix, AZ 85038-9204 if your return has a barcode). If you are not sending a payment, mail to Arizona Department of Revenue, PO Box 52138, Phoenix, AZ, 85072-2138. (PO Box 29205, Phoenix, AZ 85038-9205 if your return has a barcode).

Itemized Deduction Adjustments*For Full-Year Residents Filing Form 140***Attach to your return.**

Your Name as shown on Form 140 BENNY BANKS	Your Social Security Number 012-34-5678
Spouse's Name as shown on Form 140 PENNY BANKS	Spouse's Social Security Number 123-45-6789

To itemize on your Arizona return, you must first complete a federal Schedule A. Use Form 140, Schedule A, 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. See *instructions for details*.

Adjustment to Medical and Dental Expenses

1 Medical and dental expenses	1	7,275.	
2 Amount of medical savings account (MSA) distributions used to pay qualified medical expenses included on line 1	2		
3 Medical expenses allowed to be taken as a federal itemized deduction	3	1,500.	
4 Add line 2 and line 3, and <i>enter the result</i>	4	1,500.	
5 If line 1 is the same as or more than line 4, <i>subtract</i> line 4 from line 1; otherwise, <i>go to line 6</i>	5		5,775.
6 If line 4 is more than line 1, <i>subtract</i> line 1 from line 4	6		

Adjustment to Interest Deduction

7 If you received a federal credit for interest paid on mortgage credit certificates (from federal Form 8396), <i>enter the amount of mortgage interest you paid for 2012 that is equal to the amount of your 2012 federal credit</i>	7		
---	----------	--	--

Adjustment to Gambling Losses

8 Wagering losses allowed as a federal itemized deduction	8		
9 Total gambling winnings included in your federal adjusted gross income	9		
10 Arizona lottery subtraction from Form 140, page 2, line C20	10		
11 Maximum allowable gambling loss deduction: <i>Subtract</i> line 10 from line 9	11		
12 If line 11 is less than line 8, <i>subtract</i> line 11 from line 8; otherwise <i>enter 'zero'</i>	12		

Adjustment to Charitable Contributions

13 Amount of charitable contributions for which you are taking a credit under Arizona law	13		400.
---	-----------	--	------

Other Adjustments

14 Amount allowed as a federal itemized deduction that relates to income not subject to Arizona tax	14		
---	-----------	--	--

Adjusted Itemized Deductions

15 Add the amounts on lines 5 and 7	15	5,775.	
16 Add the amounts on lines 6, 12, 13, and 14	16	400.	
17 Total federal itemized deductions allowed to be taken on federal return	17	17,900.	
18 Enter the amount from line 15 above	18	5,775.	
19 Add lines 17 and 18	19	23,675.	
20 Enter the amount from line 16 above	20	400.	
21 Arizona itemized deductions: <i>Subtract</i> line 20 from line 19. Enter the result here and on Form 140, page 1, line 16	21		23,275.

IMPORTANT: You must attach a copy of federal Form 1040, Schedule A to your return if you itemize your deductions.

Nonrefundable Individual Tax Credits and Recapture

2012

For the calendar year 2012, or
fiscal year beginning _____ and ending _____

Attach to your return.

Your Name as shown on Form 140, 140PY, 140NR or 140X BENNY BANKS	Your Social Security Number 012-34-5678
Spouse's Name as shown on Form 140, 140PY, 140NR or 140X (if a joint return) PENNY BANKS	Spouse's Social Security Number 123-45-6789

Part I Nonrefundable Individual Tax Credits

Enter total available tax credits.

1 Enterprise Zone Credit	from Form 304 ▶	1	
2 Environmental Technology Facility Credit	from Form 305 ▶	2	
3 Military Reuse Zone Credit	from Form 306 ▶	3	
4 Recycling Equipment Credit	from Form 307 ▶	4	
5 Credit for Increased Research Activities – Individuals	from Form 308-1 ▶	5	
6 Credit for Taxes Paid to Another State or Country	from Form 309 ▶	6	
7 Credit for Solar Energy Devices	from Form 310 ▶	7	
8 Agricultural Water Conservation System Credit	from Form 312 ▶	8	
9 Pollution Control Credit	from Form 315 ▶	9	
10 Credit for Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlets	from Form 319 ▶	10	
11 Credit for Employment of TANF Recipients	from Form 320 ▶	11	
12 Credit for Contributions to Charities That Provide Assistance to the Working Poor	from Form 321 ▶	12	400.
13 Credit for Contributions Made or Fees Paid to Public Schools	from Form 322 ▶	13	
14 Credit for Contributions to Private School Tuition Organizations	from Form 323 ▶	14	
15 Agricultural Pollution Control Equipment Credit	from Form 325 ▶	15	
16 Credit for Donation of School Site	from Form 331 ▶	16	
17 Credits for Healthy Forest Enterprises	from Form 332 ▶	17	
18 Credit for Employing National Guard Members	from Form 333 ▶	18	
19 Motion Picture Credits	from Form 334 ▶	19	
20 Credit for Solar Energy Devices – Commercial and Industrial Applications	from Form 336 ▶	20	
21 Credit for Investment in Qualified Small Businesses	from Form 338 ▶	21	
22 Credit for Water Conservation Systems	from Form 339 ▶	22	
23 Credit for Donations to the Military Family Relief Fund	from Form 340 ▶	23	
24 Renewable Energy Production Tax Credit	from Form 343 ▶	24	
25 Solar Liquid Fuel Credit	from Form 344 ▶	25	
26 Credit for New Employment	from Form 345 ▶	26	
27 Additional Credit for increased Research Activities for Basic Research Payments	from Form 346 ▶	27	
28 Credit for Qualified Health Insurance Plans	from Form 347 ▶	28	
29 Credit for Contributions to Certified School Tuition Organizations	from Form 348 ▶	29	
30 Total Available Tax Credits: Add lines 1 through 29		30	400.

Continued on page 2 ➡

IMPORTANT: You must attach Form 301 and the corresponding credit forms on which you computed your credit(s) to your individual income tax return.

Your Name (as shown on page 1)

Your Social Security No.

BENNY AND PENNY BANKS

012-34-5678

Part II Application of Tax Credits and Recapture

Enter tax, recapture tax, and tax credits claimed this taxable year.

Table with 3 columns: Line number, Description, and Amount. Rows include Tax from Form 140, recapture of Environmental Technology Facility Credit, Credit for Healthy Forest Enterprises, Credit for Renewable Energy Industry, Recapture Total, Subtotal, Family Income Tax Credit, and Subtract line 37 from line 36.

Nonrefundable Tax Credits Claimed

Enter amount of credits actually claimed from Part I.

Table with 3 columns: Line number, Description, and Amount. Rows list various nonrefundable tax credits such as Enterprise Zone Credit, Environmental Technology Facility Credit, Military Reuse Zone Credit, etc., ending with Total Tax Credits Claimed.

40201 [REDACTED]
 1032 [REDACTED]

Utah Individual Income Tax Return
All State Income Tax Dollars Fund Education

2012
TC-40
 Intuit

• Amended Return - enter code

Your Social Security No.

012345678 BENNY BANKS

Spouse's SSN

123456789 PENNY BANKS

320 STATE CAPITOL

SALT LAKE CITY UT 84114

If deceased
 in 2012 or
 2013,
 complete pg.
 3, Part 1

UTIA0112L 11/28/12

1 Filing Status – enter code	• 2 Exemptions – enter number	3 Election Campaign Fund – enter code
1 = Single	a 1 Yourself	A = Americans Elect Yourself Spouse
• 2 = Married filing jointly	b 1 Spouse } from federal return	C = Constitution • N • N
3 = Married filing separately	c 0 Dependents	D = Democratic L = Libertarian
4 = Head of Household	d 0 Dependents with a disability (see instr.)	G = Green R = Republican
5 = Qualifying widow(er)	e 2 Total exemptions (add a through d)	J = Justice N = No contribution

4 Federal adjusted gross income from federal return	• 4	77000
5 Additions to income from TC-40A, Part 1 (attach TC-40A, page 1)	• 5	1000
6 Total income – add lines 4 and 5	6	78000
7 State tax refund included on federal form 1040, line 10, if any	• 7	
8 Subtractions from income from TC-40A, Part 2 (attach TC-40A, page 1)	• 8	500
9 Utah taxable income (loss) – subtract the total of lines 7 and 8 from line 6	• 9	77500
10 Utah tax – multiply line 9 by 5% (.05) (not less than zero)	• 10	3875
11 Exemption amount – multiply line 2e by \$2,850	• 11	5700
12 Standard or itemized deductions used on federal return	• 12	17900
13 Add line 11 and line 12	13	23600
14 State income tax deducted on federal Schedule A, line 5, if any (see instr.)	• 14	1000
15 Subtract line 14 from line 13	15	22600
16 Initial credit before phase-out – multiply line 15 by 6% (.06)	• 16	1356
17 Enter amount based on filing status: if line 1 equals 1 or 3, enter \$13,029; if line 1 equals 4, enter \$19,543; if line 1 equals 2 or 5, enter \$26,058	• 17	26058
18 Income subject to phase-out – subtract line 17 from line 9 (not less than zero)	18	51442
19 Phase-out amount – multiply line 18 by 1.3% (.013)	• 19	669
20 Taxpayer tax credit – subtract line 19 from line 16 (not less than zero)	• 20	687
21 If you are a qualified exempt taxpayer, enter 'X' (complete worksheet)	• 21	
22 Utah income tax – subtract line 20 from line 10 (not less than zero)	• 22	3188

Filing electronically is quick, easy and free, and will speed up your refund.

To learn more, go to taxexpress.utah.gov

Utah Individual Income Tax Return (continued)

40202 SSN 012345678 BANKS

TC-40 Intuit Page 2
2012

23	Enter tax from TC-40, page 1, line 22	23	3188
24	Apportionable nonrefundable credits from TC-40A, Part 3 (attach TC-40A, page 1)	• 24	0
25	Full-year resident, subtract line 24 from line 23 (not less than zero) Non or part-year resident, enter tax from TC-40B line 37	• 25	3188
26	Nonapportionable nonrefundable credits from TC-40A, Part 4 (attach TC-40A, page 1)	• 26	
27	Subtract line 26 from line 25 (not less than zero)	27	3188
28	Voluntary contributions from TC-40, page 3 (attach TC-40, page 3)	• 28	
29	AMENDED RETURN ONLY – previous refund	• 29	
30	Recapture of low-income housing credit	• 30	
31	Utah use tax	• 31	
32	Total tax, use tax and additions to tax (add lines 27 through 31)	32	3188
33	Utah income tax withheld shown on TC-40W, Part 1 (attach TC-40W, page 1)	• 33	1000
34	Credit for Utah income taxes prepaid from TC-546 and 2011 refund applied to 2012	• 34	
35	Pass-through entity withholding tax shown on TC-40W, Part 3 (attach TC-40W, page 2)	• 35	
36	Mineral production withholding tax shown on TC-40W, Part 2 (attach TC-40W, page 2)	• 36	
37	AMENDED RETURN ONLY – previous payments	• 37	
38	Refundable credits from TC-40A, Part 5 (attach TC-40A, page 2)	• 38	
39	Total withholding and refundable credits – add lines 33 through 38	39	1000
40	TAX DUE – subtract line 39 from line 32 (not less than zero)	• 40	2188
41	Penalty and interest		41
42	TOTAL DUE – PAY THIS AMOUNT – add line 40 and line 41	• 42	2188
43	REFUND – subtract line 32 from line 39 (not less than zero)	• 43	
44	Enter the amount of refund from line 43 you want applied to your 2013 taxes	• 44	
45	DIRECT DEPOSIT YOUR REFUND – provide account information (see instructions for foreign accounts)		checking savings
	• Routing number	• Account number	Account type: • •

UTIA0112L 11/28/12

Under penalties of perjury, I declare to the best of my knowledge and belief, this return and accompanying schedules reflect my true tax status.

SIGN HERE	Your signature	Date	Spouse's signature	Date
Third Party Designee	Name of designee (if any) you authorize to discuss this return		Designee's telephone number	Designee PIN
Paid Preparer's Section	Preparer's signature	Date	Preparer's telephone number	Preparer's PTIN
	Firm's name and address			Preparer's EIN

P00018034

Attach TC-40 page 3 if you are filing for a deceased taxpayer, filing a fiscal year return, filed IRS form 8886, are making voluntary contributions, requesting a direct deposit to be sent to your Utah Educational Savings Plan, requesting a direct deposit to be sent to a foreign account, or are no longer entitled to a homeowner's exemption.

Part 1 – Additions to Income (enter the code and amount of each addition to income)

Code		Code	SEE STMT 1		
51	Lump sum distribution	56	•	57	1000
53	Medical Savings Account (MSA) addback*	57	•		
54	Utah Educational Savings Plan (UESP) addback*	60	•		
55	Reimbursed adoption expenses*	61	•		
		69	•		
	*to the extent previously deducted or credited on Utah return		•		
			•		
Total additions to income (add all additions to income and enter total here and on TC-40, line 5)					1000

Part 2 – Subtractions from Income (enter the code and amount of each subtraction from income)

Code		Code			
71	Interest from U.S. Government Obligations	78	•	71	500
77	Native American income:	79	•		
	Enrollment Number Tribe	82	•		
	Your Code	85	•		
	Spouse's •	88	•		
			•		
			•		
Total subtractions from income (add all subtractions from income and enter total here and on TC-40, line 8)					500

Part 3 – Apportionable Nonrefundable Credits (enter the code and amount of each credit)

Code		Code	
04	Capital gain transactions credit	22	•
18	Retirement tax credit (attach TC-40C)	23	•
20	Utah Educational Savings Plan (UESP) credit	24	•
		26	•
			•
			•
Total apportionable nonrefundable credits (add all Part 3 credits and enter total here and on TC-40, line 24)			

Part 4 – Nonapportionable Nonrefundable Credits (enter the code and amount of each credit)

Code		Code	
01	At-home parent credit	12	•
02	Qualified sheltered workshop credit – name:	13	•
		17	•
05	Clean fuel vehicle credit	19	•
06	Historic preservation credit	21	•
07	Enterprise zone credit	25	•
08	Low-income housing credit	27	•
10	Recycling market development zone credit		•
Total nonapportionable nonrefundable credits (add all Part 4 credits and enter total here and on TC-40, line 26)			

D-400 (51) 9-24-12

< Staple All Pages of Your Return and W-2s Here

Individual Income Tax Return 2012

North Carolina Department of Revenue

For calendar year 2012, or fiscal year beginning 12 and ending		NC Public Campaign Fund <small>Select 'Yes' if you want to designate \$3 of taxes to this special Fund for voter education materials and for candidates who accept spending limits. Selecting 'Yes' does not change your tax or refund.</small>											
BENNY BANKS & PENNY BANKS 16 W JONES STREET RALEIGH NC 27601		Your SSN: 012345678 Spouse's SSN: 123456789	You <input type="checkbox"/> Yes <input type="checkbox"/> No Your Spouse <input type="checkbox"/> Yes <input type="checkbox"/> No										
Filing Status <input type="checkbox"/> 1 Single <input checked="" type="checkbox"/> 2 Married Filing Jointly <input type="checkbox"/> 3 Married Filing Separately <input type="checkbox"/> 4 Head of Household <input type="checkbox"/> 5 Widow(er) with Dependent Child	Year spouse died: <input type="checkbox"/> Select box if you or your spouse were out of the country on April 15 and a U.S. citizen or resident. <input type="checkbox"/> Select box if return is filed and signed by Executor or Administrator.	Number of Exemptions Claimed: 02 <input type="checkbox"/> Return for deceased taxpayer Date of death: <input type="checkbox"/> Return for deceased spouse Date of death:	NC Political Parties Financing Fund <small>Select appropriate box if you want to designate \$3 to this fund. Your tax remains the same whether or not you make a designation.</small>										
Select box if you or your spouse were a nonresident of NC for the entire year. <input type="checkbox"/>		You <input type="checkbox"/> Spouse <input type="checkbox"/>											
Select box if you or your spouse moved into or out of NC during the year. <input type="checkbox"/>		<table border="0" style="width:100%;"> <tr> <td>You</td> <td>Your Spouse</td> </tr> <tr> <td><input type="checkbox"/> Democratic</td> <td><input type="checkbox"/> Democratic</td> </tr> <tr> <td><input type="checkbox"/> Republican</td> <td><input type="checkbox"/> Republican</td> </tr> <tr> <td><input type="checkbox"/> Libertarian</td> <td><input type="checkbox"/> Libertarian</td> </tr> <tr> <td><input type="checkbox"/> Unspecified</td> <td><input type="checkbox"/> Unspecified</td> </tr> </table>		You	Your Spouse	<input type="checkbox"/> Democratic	<input type="checkbox"/> Democratic	<input type="checkbox"/> Republican	<input type="checkbox"/> Republican	<input type="checkbox"/> Libertarian	<input type="checkbox"/> Libertarian	<input type="checkbox"/> Unspecified	<input type="checkbox"/> Unspecified
You	Your Spouse												
<input type="checkbox"/> Democratic	<input type="checkbox"/> Democratic												
<input type="checkbox"/> Republican	<input type="checkbox"/> Republican												
<input type="checkbox"/> Libertarian	<input type="checkbox"/> Libertarian												
<input type="checkbox"/> Unspecified	<input type="checkbox"/> Unspecified												

FS	2	EX	02	PP	N	DT	N	OC	N	NRT	N	PYT	N	PCT	PFT	0
BANK	16	W	27601	DS	N	EA	N	NRS	N	PYS	N	PCS	PFS	0		
BENNY				BANKS						012345678						
PENNY				BANKS						123456789	NC	27601				
16	W	JONES	STREET					RALEIGH								
06		77000	23A			1000	27D			0	39		500			
07		3125	23B			0	EU			40		12000				
09		27500	24A			0	28			938	41		0			
11	I	16900	24B			0	30			0	42		0			
13		5000	24C			0	31			0	43		0			
16		0.0000	24D			0	33			0	44A		0	46		0
17		30725	25			0	34		1000	44B			0	47		0
18		1938	27A			938	35		2125	44C			0	48	15000	
19		0	27B			0	36		0	44D			0	49		0
21		0	27C			0	38		0	45A			0	51		0
TN			PN				PP			45B			0	52		0



Sign Return Below	Refund Due	<input checked="" type="checkbox"/> Payment Due 938
<i>I certify that, to the best of my knowledge, this return is accurate and complete.</i>		<i>If prepared by a person other than taxpayer, this certification is based on all information of which the preparer has any knowledge.</i>
Your Signature _____ Date _____		<u>SELF - PREPARED</u> Paid Preparer's Signature _____ Date _____ Paid Preparer's FEIN, SSN, or PTIN _____ Paid Preparer's Telephone Number _____
Spouse's Signature (if filing joint return, both must sign.) _____ Date _____		
Home Telephone Number (Include area code) _____		

D-400 Line-by-Line Information

6	Federal adjusted gross income	6.	77000
7	Additions to federal adjusted gross income	7.	3125
8	Add Lines 6 and 7	8.	80125
9	Deductions from federal adjusted gross income	9.	27500
10	Subtract Line 9 from Line 8	10.	52625
11	Deduction Type		I
	N.C. standard deduction	11.	0
	N.C. itemized deduction	11.	16900
12	Subtract Line 11 from Line 10	12.	35725
13	N.C. personal exemption allowance	13.	5000
14	Subtract Line 13 from Line 12	14.	30725
15	Same as Line 14	15.	30725
16	Part-year residents and nonresidents	16.	0.0000
17	N.C. Taxable Income	17.	30725
18	N.C. Income Tax	18.	1938
19	Tax Credits	19.	0
20	Subtract Line 19 from Line 18	20.	1938
21	Consumer Use Tax	21.	0
22	Add Lines 20 and 21	22.	1938
North Carolina Income Tax Withheld			
23a	Your Income Tax Withheld	23a.	1000
23b	Spouse's Income Tax Withheld	23b.	0
Other Tax Payments			
24a	2012 Estimated Tax	24a.	0
24b	Paid with Extension	24b.	0
24c	Partnership	24c.	0
24d	S Corporation	24d.	0
25	North Carolina Earned Income Tax Credit	25.	0
26	Add Lines 23a through 25	26.	1000
27a	Tax Due — If Line 22 is more than Line 26, subtract and enter the result	27a.	938
27b	Penalties	27b.	0
27c	Interest	27c.	0
EU	Exception to underpayment of estimated tax	EU	
27d	Interest on the underpayment of estimated income tax	27d.	0
28	Pay this Amount	28.	938
29	Overpayment — If Line 22 is less than Line 26, subtract and enter the result	29.	0
Amount of Refund to Apply to:			
30	Amount of Line 29 to be applied to 2013 Estimated Income Tax	30.	0
31	N.C. Nongame and Endangered Wildlife Fund	31.	0
32	Add Lines 30 and 31	32.	0
33	Amount to be Refunded	33.	0

Additions to Federal Adjusted Gross Income			
34	Interest income from other states	34.	1000
35	Adjustment for bonus depreciation (See instructions)	35.	2125
36	Other federal adjusted gross income additions	36.	0
37	Total additions	37.	3125
Deductions from Federal Adjusted Gross Income			
38	State or local income tax refund	38.	0
39	Interest income from obligations of US or US' possessions	39.	500
40	Social Security and Railroad Retirement Benefits	40.	12000
41	Bailey settlement retirement benefits	41.	0
42	Other retirement benefits	42.	0
43	Severance wages	43.	0
44	Adjustment for bonus depreciation added back in 2008, 2009, 2010 and 2011		
44a	2008	44a.	0
44b	2009	44b.	0
44c	2010	44c.	0
44d	2011	44d.	0
44e	Add Lines 44a, 44b, 44c and 44d and enter on 44e	44e.	0
45	Adjustment for section 179 expense deduction added back in 2010 and 2011		
45a	2010	45a.	0
45b	2011	45b.	0
45c	Add Lines 45a, 45b and enter on 45c	45c.	0
46	Contributions to North Carolina's National College Savings Program (NC 529 Plan) (See instructions)	46.	0
47	Adjustment for absorbed NOL added back in 2003, 2004, 2005, and 2006	47.	0
48	Adjustment for net business income that is not considered passive income	48.	15000
49	Other federal adjusted gross income deductions	49.	0
50	Total deductions	50.	27500
Part-Year Residents and Nonresidents			
51	All income while a part-year NC resident and NC source income while a nonresident	51.	0
52	Total income from all sources	52.	0
53	Divide Line 51 by Line 52	53.	0.0000

N.C. Residency Dates for Part-Year Residents			
	Beginning	Ending	
Taxpayer:			
Spouse:			

BENNY AND PENNY BANKS

8/19/13

11:01AM

**DEDUCTION FOR NET BUSINESS INCOME
G.S. 105-134.6(B)(22)**

<u>FEDERAL NON-PASSIVE INCOME</u>	<u>SPOUSE</u>	<u>TAXPAYER</u>
SCHEDULE C INCOME.....	\$ 0	\$ 15,000
TOTAL INCOME.....	\$ 0	\$ 15,000
DEDUCTION FOR NET BUSINESS INCOME ALLOWED (\$50,000 MAX).	<u>\$ 0</u>	<u>\$ 15,000</u>

<u>NORTH CAROLINA NON-PASSIVE INCOME</u>	<u>SPOUSE</u>	<u>TAXPAYER</u>
SCHEDULE C INCOME.....	\$ 0	\$ 15,000
TOTAL INCOME.....	\$ 0	\$ 15,000
DEDUCTION FOR NET BUSINESS INCOME ALLOWED (\$50,000 MAX).	<u>\$ 0</u>	<u>\$ 15,000</u>

For Privacy Notice, get form FTB 1131.

California Resident Income Tax Return 2012

FORM

540 C1 Side 1

APE

ATTACH FEDERAL RETURN

P
AC
A
R
RP

012-34-5678 BANK 123-45-6789
BENNY BANKS
PENNY BANKS

12 PBA 999999

915 CAPITOL MALL 200
SACRAMENTO CA 95814

01-01-1950 01-01-1949

Table with columns for line numbers (01-44), amounts, and codes (APE, FS, 3800, etc.).

Under penalties of perjury, I declare that I have examined this tax return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Spouse's/RDP's signature (if a joint tax return, both must sign)

Your signature _____ Date _____

Sign Here Daytime phone number (optional) _____ Your email address (optional). Enter only one. _____

Paid preparer's signature (declaration of preparer is based on all information of which preparer has any knowledge) SELF-PREPARED Firm's name (or yours, if self-employed) Firm's address

Do you want to allow another person to discuss this tax return with us (see instructions)? Yes No

Print Third Party Designee's Name Telephone Number

Filing Status

- 1 Single
2 [X] Married/RDP filing jointly (see instructions).
3 Married/RDP filing separately. Enter spouse's/RDP's SSN or ITIN above and full name here...
4 Head of household (with qualifying person) (see instructions)
5 Qualifying widow(er) with dependent child. Enter year spouse/RDP died...
6 If someone can claim you (or your spouse/RDP) as a dependent, check the box here (see instructions) [6]

Exemptions

- 7 Personal: If you checked the box 1, 3, or 4 above, enter 1 in the box. If you checked box 2 or 5, enter 2 in the box. If you checked the box on line 6, see the instructions 7 [2] x \$104 = \$ 208.
8 Blind: If you (or your spouse/RDP) are visually impaired, enter 1; if both are visually impaired, enter 2 8 [] x \$104 = \$
9 Senior: If you (or your spouse/RDP) are 65 or older, enter 1; if both are 65 or older, enter 2 9 [] x \$104 = \$
10 Dependents: Do not include yourself or your spouse/RDP.
Table with columns: First name, Last name, Dependent's relationship to you
Total dependent exemptions 10 [] x \$321 = \$
11 Exemption amount: Add line 7 through line 10. Transfer this amount to line 32. 11 \$ 208.

Taxable Income

- 12 State wages from your Form(s) W-2, box 16. 12 40,559.
13 Enter federal adjusted gross income from Form 1040, line 37; Form 1040A, line 21; Form 1040EZ, line 4. 13 77,000.
14 California adjustments - subtractions. Enter the amount from Schedule CA (540), line 37, column B. 14 12,362.
15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses (see instructions). 15 64,638.
16 California adjustments - additions. Enter the amount from Schedule CA (540), line 37, column C. 16 3,000.
17 California adjusted gross income. Combine line 15 and line 16. 17 67,638.
18 Enter the larger of your CA standard deduction OR your CA itemized deductions. 18 16,900.
19 Subtract line 18 from line 17. This is your taxable income. If less than zero, enter -0-. 19 50,738.

Tax

- 31 Tax. Check box if from: [X] Tax Table [] Tax Rate Schedule [] FTB 3800 [] FTB 3803. 31 1,172.
32 Exemption credits. Enter the amount from line 11. If your federal AGI is more than \$169,730 (see instrs). 32 208.
33 Subtract line 32 from line 31. If less than zero, enter -0-. 33 964.
34 Tax (see instructions). Check box if from: [] Schedule G-1 [] Form FTB 5870A. 34
35 Add line 33 and line 34. 35 964.

Special Credits

- 40 Nonrefundable Child and Dependent Care Expenses Credit, (see instructions). Attach form FTB 3506. 40
41 New jobs credit, amount generated (see instructions). 41
42 New jobs credit, amount claimed (see instructions). 42
43 Credit [] Code [] amount. 43
44 Credit [] Code [] amount. 44
45 To claim more than two credits (see instructions). 45
46 Nonrefundable renter's credit (see instructions). 46
47 Add line 40 and line 42 through line 46. These are your total credits. 47
48 Subtract line 47 from line 35. If less than zero, enter -0-. 48 964.

Other Taxes

- 61 Alternative minimum tax. Attach Schedule P (540). 61
62 Mental Health Services Tax (see instructions). 62
63 Other taxes and credit recapture (see instructions). 63
64 Add line 48, line 61, line 62, and line 63. This is your total tax. 64 964.

Payments

- 71 California income tax withheld (see instructions). 71 1,000.
72 2012 CA estimated tax and other payments (see instructions). 72
73 Real estate and other withholding (see instructions). 73
74 Excess SDI (or VPI) withheld (see instructions). 74 0.
75 Add line 71, line 72, line 73, and line 74. These are your total payments (see instructions). 75 1,000.

Overpaid Tax/ Tax Due	91 Overpaid tax. If line 75 is more than line 64, subtract line 64 from line 75	 91	<u>36.</u>
	92 Amount of line 91 you want applied to your 2013 estimated tax.	● 92	
	93 Overpaid tax available this year. Subtract line 92 from line 91	● 93	<u>36.</u>
	94 Tax due. If line 75 is less than line 64, subtract line 75 from line 64.	 94	

Use Tax	95 Use Tax. This is not a total line (see instructions)	● 95	
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		Code	Amount
Contributions	California Seniors Special Fund (see instructions).	● 400	
	Alzheimer's Disease/Related Disorders Fund.	● 401	
	California Fund for Senior Citizens.	● 402	
	Rare and Endangered Species Preservation Program.	● 403	
	State Children's Trust Fund for the Prevention of Child Abuse.	● 404	
	California Breast Cancer Research Fund.	● 405	
	California Firefighters' Memorial Fund.	● 406	
	Emergency Food For Families Fund.	● 407	
	California Peace Officer Memorial Foundation Fund	● 408	
	California Sea Otter Fund	● 410	
	Municipal Shelter Spay-Neuter Fund	● 412	
	California Cancer Research Fund	● 413	
	ALS/Lou Gehrig's Disease Research Fund	● 414	
	Child Victims of Human Trafficking Fund.	● 419	
	California YMCA Youth and Government Fund	● 420	
	California Youth Leadership Fund.	● 421	
	School Supplies for Homeless Children Fund	● 422	
	State Parks Protection Fund/Parks Pass Purchase	● 423	
	110 Add code 400 through code 423. This is your total contribution.	● 110	

Amount You Owe	111 AMOUNT YOU OWE. Add line 94, line 95, and line 110 (see instructions). Mail to: FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0009. Pay online – Go to ftb.ca.gov for more information.	● 111	
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Interest and Penalties	112 Interest, late return penalties, and late payment penalties.	112	
	113 Underpayment of estimated tax. Check box: <input type="checkbox"/> FTB 5805 attached <input type="checkbox"/> FTB 5805F attached	● 113	
	114 Total amount due (see instructions). Enclose, but do not staple, any payment.	114	

Refund and Direct Deposit	115 REFUND OR NO AMOUNT DUE. Subtract line 95 and line 110 from line 93 (see instructions). Mail to: FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0009.	● 115	<u>36.</u>
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Fill in the information to authorize direct deposit of your refund into one or two accounts. **Do not** attach a voided check or a deposit slip (see instructions).

Have you verified the routing and account numbers? Use whole dollars only.

All or the following amount of my refund (line 115) is authorized for direct deposit into the account shown below:

Checking Savings
 ● Routing number ● Type ● Account number ● **116** Direct deposit amount

The remaining amount of my refund (line 115) is authorized for direct deposit into the account shown below:

Checking Savings
 ● Routing number ● Type ● Account number ● **117** Direct deposit amount

2012 California Adjustments – Residents

CA (540)

Important: Attach this schedule behind Form 540, Side 3 as a supporting California schedule.

Name(s) as shown on tax return

SSN or ITIN

BENNY AND PENNY BANKS

012-34-5678

Part I Income Adjustment Schedule

Section A – Income

	A	Federal Amounts (taxable amounts from your federal tax return)	B	Subtractions See instructions	C	Additions See instructions
7 Wages, salaries, tips, etc. See instructions before making an entry in column B or C.	7	40,559.				
8 Taxable interest (b) 1,000.	8 a	500.	500.	1,000.		
9 Ordinary dividends. See instructions (b)	9 a					
10 Taxable refunds, credits, offsets of state and local income taxes	10					
11 Alimony received	11					
12 Business income or (loss) DEPRECIATION (3,885A)	12	15,000.			2,000.	
13 Capital gain or (loss). See instructions	13					
14 Other gains or (losses)	14					
15 IRA distributions. See instructions (a)	15 b					
16 Pensions and annuities. See instructions (a)	16 b					
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc	17	10,000.				
18 Farm income or (loss)	18					
19 Unemployment compensation	19					
20 Social security benefits (a) 14,118.	20 b	12,000.	12,000.			
21 Other income.						
a California lottery winnings						
b Disaster loss carryover from FTB 3805V						
c Federal NOL (Form 1040, line 21)						
d NOL carryover from FTB 3805V						
e NOL from FTB 3805D, 3805Z, 3806, 3807, or 3809						
f Other (describe):						
22 Total. Combine line 7 through line 21 in column A. Add line 7 through line 21f in column B and column C. Go to Section B.	22	78,059.	12,500.	3,000.		

Section B – Adjustments to Income

23 Educator expenses	23					
24 Certain business expenses of reservists, performing artists, and fee-basis government officials	24					
25 Health savings account deduction	25					
26 Moving expenses	26					
27 Deductible part of self-employment tax	27	1,059.	138.			
28 Self-employed SEP, SIMPLE, and qualified plans	28					
29 Self-employed health insurance deduction	29					
30 Penalty on early withdrawal of savings	30					
31 a Alimony paid.						
b Recipient's: SSN						
Last name	31 a					
32 IRA deduction	32					
33 Student loan interest deduction	33					
34 Tuition and fees	34					
35 Domestic production activities deduction	35					
36 Add line 23 through line 31a and line 32 through line 35 in columns A, B, and C. See instrs.	36	1,059.	138.			
37 Total. Subtract line 36 from line 22 in columns A, B, and C. See instructions.	37	77,000.	12,362.	3,000.		

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Part II Adjustments to Federal Itemized Deductions

38	Federal itemized deductions. Enter the amount from federal Schedule A (Form 1040), line 4, 9, 15, 19, 20, 27, and 28.	38	17,900.
39	Enter total of federal Schedule A (Form 1040), line 5 (State Disability Insurance, and state and local income tax, or General Sales Tax), and line 8 (foreign income taxes only). See instructions.	39	1,000.
40	Subtract line 39 from line 38.	40	16,900.
41	Other adjustments including California lottery losses. See instructions. Specify	41	
42	Combine line 40 and line 41.	42	16,900.
43	Is your federal AGI (Form 540, line 13) more than the amount shown below for your filing status?		
	Single or married/RDP filing separately.		\$169,730
	Head of household.		\$254,599
	Married/RDP filing jointly or qualifying widow(er).		\$339,464
No.	Transfer the amount on line 42 to line 43.		
Yes.	Complete the Itemized Deductions Worksheet in the instructions for Schedule CA (540), line 43.	43	16,900.
44	Enter the larger of the amount on line 43 or your standard deduction listed below		
	Single or married/RDP filing separately.		\$3,841
	Married/RDP filing jointly, head of household, or qualifying widow(er).		\$7,682
	Transfer the amount on line 44 to Form 540, line 18.	44	16,900.

Depreciation and Amortization Adjustments

Do not complete this form if your California depreciation amounts are the same as federal amounts.

Name(s) as shown on tax return: BENNY AND PENNY BANKS; SSN or ITIN: 012-34-5678

Part I Identify the Activity as Passive or Nonpassive. (See instructions.) Business or activity to which form FTB 3885A relates: SCHEDULE C

Part II Election to Expense Certain Tangible Property (IRC Section 179). 2 Enter the amount from line 12 of the Tangible Property Expense Worksheet in the instructions: 12

Table with 6 columns: (a) Description of property placed in service, (b) Date placed in service, (c) California basis for depreciation, (d) Method, (e) Life or rate, (f) California depreciation deduction. Row 1: COMPUTERS, 1/01/12, 5,000, 200DB, 5.00000, 1,000.

Summary lines 4-8b: 4 Add the amounts on line 3, column (f) 1,000.; 5 California depreciation for assets placed in service prior to 2012; 6 Total California depreciation from this activity. Add the amounts on line 2, line 4, and line 5. 1,000.; 7 Total federal depreciation from this activity. Enter depreciation from federal Form 4562, line 22. 3,000.; 8a If line 6 is more than line 7, enter the difference here and see instructions.; 8b If line 6 is less than line 7, enter the difference here and see instructions. 2,000.

Part IV Amortization Table with 6 columns: (a) Description of cost, (b) Date amortization begins, (c) California basis for amortization, (d) Code section, (e) Period or percentage, (f) California amortization deduction.

Summary lines 10-14b: 10 Total California amortization from this activity. Add the amounts on line 9, column (f); 11 California amortization of costs that began before 2012; 12 Total California amortization from this activity. Add the amounts on line 10 and line 11; 13 Total federal amortization from this activity. Enter amortization from federal Form 4562, line 44; 14a If line 12 is more than line 13, enter the difference here and see instructions; 14b If line 12 is less than line 13, enter the difference here and see instructions.