

State of Arizona  
Senate  
Fifty-second Legislature  
Second Regular Session  
2016

# SENATE BILL 1288

AN ACT

AMENDING SECTIONS 42-1001, 43-105, 43-325, 43-327 AND 43-1401, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 14, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1414; RELATING TO TAXATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 42-1001, Arizona Revised Statutes, is amended to  
3 read:

4 42-1001. Definitions

5 In this title, unless the context otherwise requires:

6 1. "Board" or "state board" means either the state board of tax  
7 appeals or the state board of equalization, as applicable.

8 2. "Court" means the tax court or superior court, whichever is  
9 applicable.

10 3. "Department" means the department of revenue.

11 4. "Director" means the director of the department.

12 5. "Internal revenue code" means the United States internal revenue  
13 code of 1986, as amended and in effect as of January 1, ~~2015~~ 2016, including  
14 those provisions that became effective during ~~2014~~ 2015 with the specific  
15 adoption of their retroactive effective dates but excluding all changes to  
16 the code enacted after January 1, ~~2015~~ 2016.

17 Sec. 2. Section 43-105, Arizona Revised Statutes, is amended to read:

18 43-105. Internal revenue code; definition; application

19 A. FOR THE PURPOSES OF COMPUTING INCOME TAX PURSUANT TO THIS TITLE,  
20 FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2015, "INTERNAL  
21 REVENUE CODE" MEANS THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS  
22 AMENDED, IN EFFECT ON JANUARY 1, 2016, INCLUDING THOSE PROVISIONS THAT BECAME  
23 EFFECTIVE DURING 2015 WITH THE SPECIFIC ADOPTION OF ALL FEDERAL RETROACTIVE  
24 EFFECTIVE DATES, BUT EXCLUDING ANY CHANGE TO THE CODE ENACTED AFTER JANUARY  
25 1, 2016.

26 ~~A-~~ B. For the purposes of computing income tax pursuant to this  
27 title, for taxable years beginning from and after December 31, 2014 THROUGH  
28 DECEMBER 31, 2015, "internal revenue code" means the United States internal  
29 revenue code of 1986, as amended, in effect on January 1, 2015, including  
30 those provisions that became effective during 2014 with the specific adoption  
31 of all federal retroactive effective dates, ~~but excluding any change to the~~  
32 ~~code enacted after January 1, 2015~~ AND INCLUDING THOSE PROVISIONS OF THE  
33 SLAIN OFFICER FAMILY SUPPORT ACT OF 2015 (P.L. 114-7), THE DON'T TAX OUR  
34 FALLEN PUBLIC SAFETY HEROES ACT (P.L. 114-14), THE SURFACE TRANSPORTATION AND  
35 VETERANS HEALTH CARE CHOICE IMPROVEMENT ACT OF 2015 (P.L. 114-41) AND THE  
36 CONSOLIDATED APPROPRIATIONS ACT, 2016 (P.L. 114-113) THAT ARE RETROACTIVELY  
37 EFFECTIVE DURING TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2014  
38 THROUGH DECEMBER 31, 2015.

39 ~~B-~~ C. For the purposes of computing income tax pursuant to this  
40 title, for taxable years beginning from and after December 31, 2013 through  
41 December 31, 2014, "internal revenue code" means the United States internal  
42 revenue code of 1986, as amended, in effect on January 1, 2014, including  
43 those provisions that became effective during 2013 with the specific adoption  
44 of all federal retroactive effective dates, and including those provisions of  
45 the Philippines charitable giving assistance act (P.L. 113-92), the Gabriella

1 Miller kids first research act (P.L. 113-94), the cooperative and small  
2 employer charity pension flexibility act (P.L. 113-97), the highway and  
3 transportation funding act of 2014 (P.L. 113-159), the tribal general welfare  
4 exclusion act of 2014 (P.L. 113-168), the consolidated and further continuing  
5 appropriations act, 2015 (P.L. 113-235), the 2014 airline bankruptcy payments  
6 rollover act (P.L. 113-243), ~~and~~ the tax increase prevention act of 2014  
7 (P.L. 113-295), **THE SLAIN OFFICER FAMILY SUPPORT ACT OF 2015 (P.L. 114-7) AND**  
8 **THE CONSOLIDATED APPROPRIATIONS ACT, 2016 (P.L. 114-113)** that are  
9 retroactively effective during taxable years beginning from and after  
10 December 31, 2013 through December 31, 2014.

11 ~~C.~~ **D.** For the purposes of computing income tax pursuant to this  
12 title, for taxable years beginning from and after December 31, 2012 through  
13 December 31, 2013, "internal revenue code" means the United States internal  
14 revenue code of 1986, as amended, in effect on January 3, 2013, including  
15 those provisions that became effective during 2012 with the specific adoption  
16 of all federal retroactive effective dates, and including those provisions of  
17 the Philippines charitable giving assistance act (P.L. 113-92), the highway  
18 and transportation funding act of 2014 (P.L. 113-159), the tribal general  
19 welfare exclusion act of 2014 (P.L. 113-168), the 2014 airline bankruptcy  
20 payments rollover act (P.L. 113-243), ~~and~~ the tax technical corrections act  
21 of 2014 (P.L. 113-295, division A, title II) **AND THE CONSOLIDATED**  
22 **APPROPRIATIONS ACT, 2016 (P.L. 114-113)** that are retroactively effective  
23 during taxable years beginning from and after December 31, 2012 through  
24 December 31, 2013.

25 ~~D.~~ **E.** For the purposes of computing income tax pursuant to this  
26 title, for taxable years beginning from and after December 31, 2011 through  
27 December 31, 2012, "internal revenue code" means the United States internal  
28 revenue code of 1986, as amended, in effect on January 1, 2012, including  
29 those provisions that became effective during 2011 with the specific adoption  
30 of all federal retroactive effective dates, and including those provisions of  
31 the FAA modernization and reform act of 2012 (P.L. 112-95), the moving ahead  
32 for progress in the 21st century act (P.L. 112-141), the American taxpayer  
33 relief act of 2012 (P.L. 112-240), the 2014 airline bankruptcy payments  
34 rollover act (P.L. 113-243), the tribal general welfare exclusion act of 2014  
35 (P.L. 113-168), ~~and~~ the tax technical corrections act of 2014 (P.L. 113-295,  
36 division A, title II) **AND THE CONSOLIDATED APPROPRIATIONS ACT, 2016 (P.L.**  
37 **114-113)** that are retroactively effective during taxable years beginning from  
38 and after December 31, 2011 through December 31, 2012.

39 ~~E.~~ **F.** For the purposes of computing income tax pursuant to this  
40 title, for taxable years beginning from and after December 31, 2010 through  
41 December 31, 2011, "internal revenue code" means the United States internal  
42 revenue code of 1986, as amended, in effect on January 1, 2011, including  
43 those provisions that became effective during 2010 with the specific adoption  
44 of all federal retroactive effective dates, and including those provisions of  
45 Public Law 112-40, the moving ahead for progress in the 21st century act

1 (P.L. 112-141), the American taxpayer relief act of 2012 (P.L. 112-240), the  
2 tribal general welfare exclusion act of 2014 (P.L. 113-168) and the tax  
3 technical corrections act of 2014 (P.L. 113-295, division A, title II) that  
4 are retroactively effective during taxable years beginning from and after  
5 December 31, 2010 through December 31, 2011.

6 ~~F.~~ G. For the purposes of computing income tax pursuant to this  
7 title, for taxable years beginning from and after December 31, 2009 through  
8 December 31, 2010, "internal revenue code" means the United States internal  
9 revenue code of 1986, as amended, in effect on January 1, 2010, including  
10 those provisions that became effective during 2009 with the specific adoption  
11 of all federal retroactive effective dates, and including those provisions of  
12 the temporary extension act of 2010 (P.L. 111-144), the hiring incentives to  
13 restore employment act (P.L. 111-147), the patient protection and affordable  
14 care act (P.L. 111-148), the health care and education reconciliation act of  
15 2010 (P.L. 111-152), the preservation of access to care for medicare  
16 beneficiaries and pension relief act of 2010 (P.L. 111-192), the Dodd-Frank  
17 Wall Street reform and consumer protection act (P.L. 111-203), the small  
18 business jobs act of 2010 (P.L. 111-240), the claims resolution act of 2010  
19 (P.L. 111-291), the tax relief, unemployment insurance reauthorization, and  
20 job creation act of 2010 (P.L. 111-312), the regulated investment company  
21 modernization act of 2010 (P.L. 111-325) and the tax technical corrections  
22 act of 2014 (P.L. 113-295, division A, title II) that are retroactively  
23 effective during taxable years beginning from and after December 31, 2009  
24 through December 31, 2010.

25 ~~G.~~ H. For purposes of computing income tax pursuant to this title,  
26 for taxable years beginning from and after December 31, 2008 through December  
27 31, 2009, "internal revenue code" means the United States internal revenue  
28 code of 1986, as amended, in effect on January 1, 2009, including those  
29 provisions that became effective during 2008 with the specific adoption of  
30 all federal retroactive effective dates, and including those provisions of  
31 the American recovery and reinvestment act of 2009 (P.L. 111-5) except  
32 section 1211, the consumer assistance to recycle and save act of 2009  
33 (P.L. 111-32), the worker, homeownership, and business assistance act of 2009  
34 (P.L. 111-92) except section 13, the hiring incentives to restore employment  
35 act (P.L. 111-147), the patient protection and affordable care act (P.L.  
36 111-148), the preservation of access to care for medicare beneficiaries and  
37 pension relief act of 2010 (P.L. 111-192), the small business jobs act of  
38 2010 (P.L. 111-240), the tax relief, unemployment insurance reauthorization,  
39 and job creation act of 2010 (P.L. 111-312) and the tax technical corrections  
40 act of 2014 (P.L. 113-295, division A, title II) that are retroactively  
41 effective during taxable years beginning from and after December 31, 2008  
42 through December 31, 2009.

43 ~~H.~~ I. For purposes of computing income tax pursuant to this title,  
44 for taxable years beginning from and after December 31, 2007 through December  
45 31, 2008, "internal revenue code" means the United States internal revenue

1 code of 1986, as amended, in effect on January 1, 2008, including those  
2 provisions that became effective during 2007 with the specific adoption of  
3 all federal retroactive effective dates and including those provisions of the  
4 economic stimulus act of 2008 (P.L. 110-185), the heroes earnings assistance  
5 and relief tax act of 2008 (P.L. 110-245), the heartland, habitat, harvest  
6 and horticulture act of 2008 (P.L. 110-246), the housing assistance tax act  
7 of 2008 (P.L. 110-289), the emergency economic stabilization act of 2008  
8 (P.L. 110-343), the worker, retiree, and employer recovery act of 2008  
9 (P.L. 110-458), the American recovery and reinvestment act of 2009  
10 (P.L. 111-5) except section 1211, the worker, homeownership, and business  
11 assistance act of 2009 (P.L. 111-92) except section 13 and the tax technical  
12 corrections act of 2014 (P.L. 113-295, division A, title II) that are  
13 retroactively effective during taxable years beginning from and after  
14 December 31, 2007 through December 31, 2008.

15 ~~I~~ J. For purposes of computing income tax pursuant to this title,  
16 for taxable years beginning from and after December 31, 2006 through December  
17 31, 2007, "internal revenue code" means the United States internal revenue  
18 code of 1986, as amended, in effect on January 1, 2007, including those  
19 provisions that became effective during 2006 with the specific adoption of  
20 all federal retroactive effective dates and including those provisions of the  
21 small business and work opportunity tax act of 2007 (P.L. 110-28), the energy  
22 independence and security act of 2007 (P.L. 110-140), Public Law 110-141, the  
23 mortgage forgiveness debt relief act of 2007 (P.L. 110-142), the tax  
24 technical corrections act of 2007 (P.L. 110-172), the economic stimulus act  
25 of 2008 (P.L. 110-185), the heroes earnings assistance and relief tax act of  
26 2008 (P.L. 110-245), the heartland, habitat, harvest and horticulture act of  
27 2008 (P.L. 110-246), the housing assistance tax act of 2008 (P.L. 110-289),  
28 the emergency economic stabilization act of 2008 (P.L. 110-343), the worker,  
29 retiree, and employer recovery act of 2008 (P.L. 110-458) and the tax  
30 technical corrections act of 2014 (P.L. 113-295, division A, title II) that  
31 are retroactively effective during taxable years beginning from and after  
32 December 31, 2006 through December 31, 2007.

33 ~~J~~ K. For purposes of computing income tax pursuant to this title,  
34 for taxable years beginning from and after December 31, 2005 through December  
35 31, 2006, "internal revenue code" means the United States internal revenue  
36 code of 1986, as amended, in effect on January 1, 2006, including those  
37 provisions that became effective during 2005 with the specific adoption of  
38 all federal retroactive effective dates and including those provisions of the  
39 tax increase prevention and reconciliation act of 2005 (P.L. 109-222), the  
40 pension protection act of 2006 (P.L. 109-280), the tax relief and health care  
41 act of 2006 (P.L. 109-432), the small business and work opportunity tax act  
42 of 2007 (P.L. 110-28), the mortgage forgiveness debt relief act of 2007  
43 (P.L. 110-142), the tax technical corrections act of 2007 (P.L. 110-172), the  
44 heartland, habitat, harvest and horticulture act of 2008 (P.L. 110-246), the  
45 housing assistance tax act of 2008 (P.L. 110-289) and the tax technical

1 corrections act of 2014 (P.L. 113-295, division A, title II) that are  
2 retroactively effective during taxable years beginning from and after  
3 December 31, 2005 through December 31, 2006.

4 ~~K. For purposes of computing income tax pursuant to this title, for  
5 taxable years beginning from and after December 31, 2004 through December 31,  
6 2005, "internal revenue code" means the United States internal revenue code  
7 of 1986, as amended, in effect on January 1, 2005, including those provisions  
8 that became effective during 2004 with the specific adoption of all federal  
9 retroactive effective dates and including those provisions of the Katrina  
10 emergency tax relief act of 2005 (P.L. 109-73), the energy tax incentives act  
11 of 2005 (title XIII of the energy policy act of 2005 (P.L. 109-58)), the gulf  
12 opportunity zone act of 2005 (P.L. 109-135), the tax technical corrections  
13 act of 2007 (P.L. 110-172), the heartland, habitat, harvest and horticulture  
14 act of 2008 (P.L. 110-246) and the housing assistance tax act of 2008  
15 (P.L. 110-289) that are retroactively effective during taxable years  
16 beginning from and after December 31, 2004 through December 31, 2005.~~

17 Sec. 3. Section 43-325, Arizona Revised Statutes, is amended to read:

18 43-325. Time for filing returns

19 Unless otherwise indicated: ~~—~~

20 1. Returns made on the basis of the calendar year shall be filed on or  
21 before the fifteenth day of April following the close of the calendar year.

22 2. Returns made on the basis of a fiscal year shall be filed on or  
23 before the fifteenth day of the fourth month following the close of the  
24 fiscal year.

25 3. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2015,  
26 PARTNERSHIP RETURNS ARE DUE ON OR BEFORE THE FIFTEENTH DAY OF THE THIRD MONTH  
27 FOLLOWING THE CLOSE OF THE TAXABLE YEAR.

28 Sec. 4. Section 43-327, Arizona Revised Statutes, is amended to read:

29 43-327. Recomputation of tax or amended return due after  
30 federal adjustment; definition

31 A. If the amount of taxable income for any year of any taxpayer as  
32 reported to the United States treasury department is changed or corrected by  
33 the commissioner of internal revenue or other officer of the United States or  
34 other competent authority, or if a renegotiation of a contract or subcontract  
35 with the United States results in a change in taxable income, such taxpayer  
36 within ninety days after the final determination of such change or correction  
37 or renegotiation shall either:

38 1. File with the department a copy of the final determination, concede  
39 the accuracy of the determination or state any errors and request the  
40 department to recompute the tax owed to this state. Recomputing the tax by  
41 the department is not considered to be an audit for purposes of section  
42 42-2059.

43 2. File an amended return as required by the department of revenue.

1           B. FOR FEDERAL CHANGES TO WHICH SECTION 43-1414 APPLIES:  
2           1. IF THE PARTNERSHIP PASSES THROUGH TO EACH PARTNER THE PARTNER'S  
3           DISTRIBUTIVE SHARE OF ANY ADJUSTMENTS PURSUANT TO SECTION 43-1414, SUBSECTION  
4           B, PARAGRAPH 2, THE STATEMENT PROVIDED TO EACH PARTNER UNDER SECTION 43-1414,  
5           SUBSECTION B, PARAGRAPH 2 IS CONSIDERED TO BE A CHANGE IN TAXABLE INCOME OF  
6           THE PARTNER BY THE COMMISSIONER OF INTERNAL REVENUE FOR THE TAXABLE YEAR OF  
7           THE PARTNER IN WHICH THE REVIEWED YEAR OF THE PARTNERSHIP ENDS. THE PARTNERS  
8           SHALL EACH FILE AN AMENDED RETURN WITHIN ONE HUNDRED FIFTY DAYS AFTER THE  
9           FINAL DETERMINATION OF THE PARTNERSHIP ADJUSTMENTS BY THE INTERNAL REVENUE  
10          SERVICE TO REPORT THEIR SHARE OF THE PARTNERSHIP ADJUSTMENTS AS REPORTED TO  
11          THEM IN THE STATEMENT PROVIDED BY THE PARTNERSHIP PURSUANT TO SECTION  
12          43-1414, SUBSECTION B, PARAGRAPH 2.  
13          2. IF THE PARTNERSHIP IS REQUIRED TO REPORT FEDERAL CHANGES AND PAY  
14          THE TAX PURSUANT TO SECTION 43-1414, SUBSECTION B, PARAGRAPH 1, THE  
15          PARTNERSHIP SHALL FILE THE RETURN REQUIRED UNDER SECTION 43-1414, SUBSECTION  
16          A AND PAY THE TAX WITHIN NINETY DAYS AFTER THE FINAL DETERMINATION OF THE  
17          PARTNERSHIP ADJUSTMENTS BY THE INTERNAL REVENUE SERVICE.  
18          ~~B.~~ C. The department may require an amended return if the department  
19          lacks the necessary information to recompute the tax owed to this state.  
20          ~~C.~~ D. Any taxpayer filing an amended return with the United States  
21          treasury department shall also file within ninety days of the final  
22          determination by the United States treasury department an amended return with  
23          the department of revenue, which shall contain such information as it shall  
24          require.  
25          ~~D.~~ E. For the purposes of this section, assessments under a partial  
26          agreement, closing agreement covering specific matters, jeopardy or advance  
27          payment are considered part of the final determination ~~defined in subsection~~  
28          ~~G of this section~~ and must be submitted to the department with the final  
29          determination.  
30          ~~E.~~ F. If a partial agreement, A closing agreement covering specific  
31          matters or any other agreement with the United States treasury department  
32          would be final except for a federal extension still open for flow through  
33          adjustments from other entities or other jurisdictions, ~~then~~ the final  
34          determination is the date the taxpayer signs the agreement. Flow through  
35          adjustments are finally determined based on criteria specified in subsection  
36          ~~G- H~~ of this section.  
37          ~~F.~~ G. The department is not required to issue refunds based on any  
38          agreement other than a final determination.  
39          ~~G.~~ H. For the purposes of this section, "final determination" means  
40          the appeal rights of both parties have expired or have been exhausted  
41          relative to the tax year.  
42          Sec. 5. Section 43-1401, Arizona Revised Statutes, is amended to read:  
43          43-1401. Definitions  
44          In this chapter, unless the context otherwise requires:





1 STATEMENT ON A FORM PRESCRIBED BY THE DEPARTMENT OF THE PARTNER'S SHARE OF  
2 THE ADJUSTMENTS REQUIRED IN SUBSECTION A OF THIS SECTION. THE AMOUNT  
3 REPORTED TO THE PARTNER UNDER THIS SUBSECTION IS AN ADJUSTMENT TO THE  
4 PARTNER'S SHARE OF PARTNERSHIP TAXABLE INCOME. A PARTNERSHIP THAT HAD A NET  
5 INCREASE UNDER THIS PARAGRAPH AND THAT FAILS TO TIMELY PROVIDE THE STATEMENTS  
6 REQUIRED TO THE PARTNERS AND TO THE DEPARTMENT SHALL PAY THE TAX PURSUANT TO  
7 PARAGRAPH 1 OF THIS SUBSECTION IN LIEU OF THE PARTNERS REPORTING THE  
8 ADJUSTMENT.

9 C. IF A PARTNERSHIP FAILS TO FILE THE RETURN THAT IS REQUIRED UNDER  
10 SUBSECTION A OF THIS SECTION OR IF THE DEPARTMENT IS NOT SATISFIED WITH THE  
11 RETURN OR THE PAYMENT OF THE TAX REQUIRED TO BE PAID, THE DEPARTMENT MAY  
12 ISSUE A DEFICIENCY ASSESSMENT TO THE PARTNERSHIP UNDER SECTION 42-1108.

13 D. IF THE PARTNERSHIP INCORRECTLY REPORTED THE ADJUSTMENTS UNDER  
14 SUBSECTION A OF THIS SECTION THAT RESULTED IN:

15 1. AN UNDERSTATEMENT OF THE DISTRIBUTION OF ARIZONA TAXABLE INCOME TO  
16 THE PARTNERS UNDER SUBSECTION B, PARAGRAPH 2 OF THIS SECTION, THE PARTNERSHIP  
17 SHALL PAY THE TAX ON THE UNDERSTATEMENT BY APPLYING THE CALCULATION IN  
18 SUBSECTION B, PARAGRAPH 1 OF THIS SECTION TO THE UNREPORTED ADJUSTMENTS.

19 2. AN OVERSTATEMENT OF ARIZONA TAXABLE INCOME, ANY ADJUSTMENT SHALL BE  
20 HANDLED AS FOLLOWS:

21 (a) IF THE ADJUSTMENTS WERE ORIGINALLY PASSED THROUGH TO THE PARTNERS  
22 UNDER SUBSECTION B, PARAGRAPH 2 OF THIS SECTION, THE ADJUSTMENT SHALL BE  
23 PASSED THROUGH TO THE PARTNERS. THE PARTNERSHIP SHALL AMEND THE RETURN UNDER  
24 SUBSECTION A OF THIS SECTION AND AMEND THE STATEMENTS PROVIDED TO THE  
25 PARTNERS AND THE DEPARTMENT UNDER SUBSECTION B, PARAGRAPH 2 OF THIS SECTION.

26 (b) IF THE TAX ON THE ADJUSTMENTS WAS ORIGINALLY PAID BY THE  
27 PARTNERSHIP PURSUANT TO SUBSECTION B, PARAGRAPH 1 OF THIS SECTION, THE  
28 PARTNERSHIP SHALL AMEND THE RETURN FILED PURSUANT TO SUBSECTION B, PARAGRAPH  
29 1 OF THIS SECTION TO CLAIM ANY REFUND. THIS SUBDIVISION DOES NOT ALLOW A  
30 PARTNERSHIP TO CLAIM A REFUND FOR AMOUNTS NOT ACTUALLY PAID BY THE  
31 PARTNERSHIP.

32 E. FOR THE PURPOSES OF THIS SECTION:

33 1. "ARIZONA SHARE OF THE ADJUSTMENTS" MEANS THE ADJUSTMENTS DETERMINED  
34 IN SUBSECTION A OF THIS SECTION, SUBJECT TO THE ALLOCATION AND APPORTIONMENT  
35 PROVISIONS OF CHAPTER 11, ARTICLE 4 OF THIS TITLE.

36 2. "FINAL DETERMINATION" HAS THE SAME MEANING PRESCRIBED IN SECTION  
37 43-327.

38 3. "REVIEWED YEAR" MEANS THE PARTNERSHIP TAXABLE YEAR TO WHICH THE  
39 ITEMS ADJUSTED BY THE INTERNAL REVENUE SERVICE RELATE.

40 Sec. 7. Federal exclusion for wrongfully incarcerated  
41 individuals

42 A. Except as provided in subsection B of this section, this state  
43 conforms to the retroactive changes made by Public Law 114-113, division Q,  
44 section 304 that allow an exclusion from gross income for civil damages,  
45 restitution or other monetary award for wrongfully incarcerated individuals.

1           B. If Public Law 114-113, division Q, section 304, subsection (d)  
2 applies to a taxpayer's federal claim for credit or refund:

3           1. The taxpayer must file an Arizona amended income tax return for the  
4 applicable taxable year on or before December 18, 2016 to claim any refund  
5 due to the exclusion allowed by subsection A of this section. Any request  
6 filed after December 18, 2016 shall be denied. The taxpayer is responsible  
7 for providing all documentation necessary to substantiate the refund request,  
8 including copies of the original federal and state income tax returns filed  
9 for the taxable year to which the request is related.

10          2. The department of revenue may review the amended return, and any  
11 deficiency resulting from the review of the adjustment may be assessed within  
12 six months after the date the amended return is filed or within six months  
13 after the date the federal adjustment is final, whichever period expires  
14 later. The federal adjustment is final when the internal revenue service has  
15 accepted the amended return and the appeal rights of both parties have  
16 expired or have been exhausted relative to the adjustment for the taxable  
17 year. Any adjustment shall be treated as a deficiency assessment under  
18 section 42-1108, Arizona Revised Statutes.