

REFERENCE TITLE: charitable contributions; deduction; increase

State of Arizona  
House of Representatives  
Fifty-fourth Legislature  
Second Regular Session  
2020

## **HB 2356**

Introduced by  
Representative Toma

AN ACT

AMENDING SECTION 43-1041, ARIZONA REVISED STATUTES; RELATING TO INDIVIDUAL INCOME TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 43-1041, Arizona Revised Statutes, is amended to  
3 read:

4 43-1041. Optional standard deduction

5 A. A taxpayer may elect to take a standard deduction as follows:

6 1. In the case of a single person or a married person filing  
7 separately, the standard deduction is \$12,200, subject to subsection H of  
8 this section.

9 2. In the case of a single person who is a head of a household, the  
10 standard deduction is \$18,350, subject to subsection H of this section.

11 3. In the case of a married couple filing a joint return, the  
12 standard deduction is \$24,400, subject to subsection H of this section.

13 B. The standard deduction provided for in subsection A of this  
14 section is in lieu of all itemized deductions allowed by section 43-1042,  
15 which are to be subtracted from Arizona adjusted gross income in computing  
16 taxable income.

17 C. The standard deduction is allowed if the taxpayer so  
18 elects. The election is made by the taxpayer claiming on the tax return  
19 the amount provided for in this section in lieu of the itemized deductions  
20 allowed under section 43-1042. Electing to file a short form return or a  
21 simplified return that does not allow itemized deductions to be claimed is  
22 considered to be an election to claim the standard deduction.

23 D. In the case of a husband and wife, the standard deduction  
24 provided for in subsection A of this section is not allowed to either if  
25 the taxable income of one of the spouses is determined without regard to  
26 the standard deduction.

27 E. The standard deduction provided for by subsection A of this  
28 section is not allowed in the case of a taxable year of less than twelve  
29 months on account of a change in the accounting period.

30 F. Except as provided in subsection G of this section, a change of  
31 an election to take, or not to take, the standard deduction for any  
32 taxable year may be made after the filing of the return for that year.

33 G. A taxpayer is not allowed to change an election to take, or not  
34 to take, the standard deduction if:

35 1. The spouse of the taxpayer filed a separate return for any  
36 taxable year corresponding, for the purposes of subsection D of this  
37 section, to the taxable year of the taxpayer unless both of the following  
38 apply:

39 (a) The spouse makes a change of election with respect to the  
40 standard deduction for the taxable year covered in the separate return  
41 consistent with the change of election sought by the taxpayer.

42 (b) The taxpayer and spouse consent in writing to the assessment,  
43 within such a period as may be agreed on with the department, of any  
44 deficiency, to the extent attributable to the change of election, even

1 though at the time of filing the consent the assessment of the deficiency  
2 would otherwise be prevented by the operation of any law or rule of law.

3 2. The tax liability of the taxpayer or the taxpayer's spouse for  
4 the taxable year has been compromised.

5 H. For each taxable year beginning from and after December 31,  
6 2019, the department shall adjust the dollar amounts prescribed by  
7 subsection A, paragraphs 1, 2 and 3 of this section for inflation in the  
8 same manner in which the federal basic standard deduction is adjusted for  
9 inflation pursuant to section 63 of the internal revenue code.

10 I. For taxable years beginning from and after December 31, 2018  
11 THROUGH DECEMBER 31, 2019, the standard deduction allowed under subsection  
12 A of this section shall be increased by the amount equal to twenty-five  
13 percent of the total amount of a taxpayer's charitable deductions that  
14 would have been allowed if the taxpayer elected to claim itemized  
15 deductions under section 43-1042 rather than elect the standard deduction.

16 J. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2019,  
17 THE STANDARD DEDUCTION ALLOWED UNDER SUBSECTION A OF THIS SECTION SHALL BE  
18 INCREASED BY THE AMOUNT EQUAL TO FIFTY PERCENT OF THE TOTAL AMOUNT OF A  
19 TAXPAYER'S CHARITABLE DEDUCTIONS THAT WOULD HAVE BEEN ALLOWED IF THE  
20 TAXPAYER ELECTED TO CLAIM ITEMIZED DEDUCTIONS UNDER SECTION 43-1042 RATHER  
21 THAN ELECT THE STANDARD DEDUCTION.

22 Sec. 2. Retroactivity

23 This act applies retroactively to taxable years beginning from and  
24 after December 31, 2019.