

FILED

**Jane Dee Hull
Secretary of State**

State of Arizona
House of Representatives
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1996

CHAPTER 49

HOUSE BILL 2325

AN ACT

AMENDING SECTIONS 43-1001 AND 43-1002, ARIZONA REVISED STATUTES; RELATING TO INDIVIDUAL INCOME TAX.

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

2 Section 1. Section 43-1001, Arizona Revised Statutes, is amended to
3 read:

4 43-1001. Definitions

5 In this chapter, unless the context otherwise requires:

6 1. "Arizona adjusted gross income" of a resident individual means his
7 Arizona gross income subject to modifications specified in sections 43-1021
8 and 43-1022.

9 2. "Arizona gross income" of a resident individual means his federal
10 adjusted gross income for the taxable year, computed pursuant to the internal
11 revenue code.

12 3. "Dependent" HAS THE SAME MEANING PRESCRIBED BY SECTION 152 OF THE
13 INTERNAL REVENUE CODE. ~~means any of the following persons over half of whose~~
14 ~~support, for the calendar year in which the taxable year of the taxpayer~~
15 ~~begins, was received from the taxpayer subject to the rules in section~~
16 ~~43-1002.~~

17 (a) ~~A son or daughter of the taxpayer or a descendant of either.~~

18 (b) ~~A stepson or stepdaughter of the taxpayer.~~

19 (c) ~~A brother, sister, stepbrother or stepsister of the taxpayer.~~

20 (d) ~~The father or mother of the taxpayer or an ancestor of either.~~

21 (e) ~~A stepfather or stepmother of the taxpayer.~~

22 (f) ~~A son or daughter of a brother or sister of the taxpayer.~~

1 ~~(g) A brother or sister of the father or mother of the taxpayer.~~

2 ~~(h) A son in law, daughter in law, father in law, mother in law,~~
3 ~~brother in law or sister in law of the taxpayer.~~

4 4. "Federal adjusted gross income" of a resident individual means his
5 adjusted gross income computed pursuant to the internal revenue code.

6 5. "Head of household" HAS THE SAME MEANING PRESCRIBED BY SECTION 2(b)
7 OF THE INTERNAL REVENUE CODE. ~~means an individual who is not married at the~~
8 ~~close of his taxable year and who maintains as his home a household which~~
9 ~~constitutes for such taxable year the principal place of abode, as a member~~
10 ~~of such household, of any person who is a dependent of the taxpayer, if the~~
11 ~~taxpayer is entitled to an exemption for the taxable year for such person~~
12 ~~under section 43-1023. An individual may be considered as maintaining a~~
13 ~~household only if over half of the cost of maintaining the household during~~
14 ~~the taxable year is furnished by such individual. A head of household means~~
15 ~~a head of household on the last day of the taxable year unless the taxpayer~~
16 ~~died during the year, in which case the determination shall be made at the~~
17 ~~date of death.~~

18 6. "Married person" means a married person on the last day of the
19 taxable year subject to the rules in section 43-1002.

20 7. "Net income" means taxable income.

21 8. "Person" means an individual.

22 9. "Single person" means any person who is not married or who was
23 legally separated on the last day of his or her taxable year.

24 10. "Spouse" means the wife or husband of the taxpayer.

25 11. "Taxable income" of a resident individual shall be Arizona adjusted
26 gross income less the exemptions and deductions allowed in article 4 of this
27 chapter.

28 12. "Taxpayer" means any person subject to a tax imposed by this
29 chapter.

30 Sec. 2. Section 43-1002, Arizona Revised Statutes, is amended to read:
31 43-1002. Rules for applying definitions

32 ~~A. The following rules shall apply to the definition of "dependent"~~
33 ~~in section 43-1001:~~

34 ~~1. "Brother" and "sister" include a brother or sister by the~~
35 ~~half blood.~~

36 ~~2. A legally adopted child of a person shall be considered a child of~~
37 ~~such person by blood. A child shall be deemed legally adopted when placed~~
38 ~~in the custody of the taxpayer for adoption by the taxpayer or his spouse.~~

39 ~~3. The term "dependent" does not include any individual who is a~~
40 ~~citizen or subject of a foreign country unless such individual is a resident~~
41 ~~of the United States or of a country contiguous to the United States.~~

42 ~~4. A payment to a taxpayer which is includible, as alimony or separate~~
43 ~~maintenance payments, in the Arizona adjusted gross income of such taxpayer~~

1 ~~shall not be considered a payment by the taxpayer's spouse for the support~~
2 ~~of any dependent.~~

3 ~~B.~~ The following rules shall apply to the definition of "married
4 person" in section 43-1001:

5 1. An individual who is legally separated from his or her spouse under
6 a decree of dissolution of marriage or of separate maintenance shall not be
7 considered as married.

8 2. A taxpayer shall be considered as married at the close of the
9 taxable year if his or her spouse died during the taxable year and the
10 taxpayer would have been considered married at the date of the death of such
11 spouse.

12 Sec. 3. Retroactivity

13 This act applies retroactively to taxable years beginning from and
14 after December 31, 1995.

APPROVED BY THE GOVERNOR MARCH 28, 1996

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 28, 1996