

NOTICES OF FINAL RULEMAKING

The Administrative Procedure Act requires the publication of the final rules of the state's agencies. Final rules are those which have appeared in the *Register* first as proposed rules and have been through the formal rulemaking process including approval by the Governor's Regulatory Review Council or the Attorney General. The Secretary of State shall publish the notice along with the Preamble and the full text in the next available issue of the *Register* after the final rules have been submitted for filing and publication.

NOTICE OF FINAL RULEMAKING

TITLE 4. PROFESSIONS AND OCCUPATIONS

CHAPTER 8. ACUPUNCTURE BOARD OF EXAMINERS

[R05-218]

PREAMBLE

- | <u>1. Sections Affected</u> | <u>Rulemaking Action</u> |
|-----------------------------|--------------------------|
| R4-8-101 | Amend |
| R4-8-105 | Amend |
| R4-8-303 | Amend |
| R4-8-304 | Amend |
| R4-8-307 | Amend |
| R4-8-311 | New Section |
| R4-8-312 | New Section |
| R4-8-401 | Amend |
| R4-8-402 | Amend |
- 2. The statutory authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**
Authorizing statute: A.R.S. § 32-3903(A)(1)
Implementing statute: A.R.S. § 32-3903(A)(6)
- 3. The effective date of the rules:**
August 6, 2005
- 4. A list of all previous notices appearing in the Register addressing the final rule:**
Notice of Rulemaking Docket Opening: 11 A.A.R. 411, January 14, 2005
Notice of Proposed Rulemaking: 11 A.A.R. 739, February 18, 2005
- 5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**
Name: Allen Imig, Executive Director
Address: 1400 W. Washington, Suite 230
Phoenix, AZ 85007
Telephone: (602) 542-3095
Fax: (602) 542-3093
- 6. An explanation of the rule, including the agency's reason for initiating the rule:**
This rulemaking will establish guidelines for preceptorship training pursuant to A.R.S. § 32-3903(A)(6).
- 7. A reference to any study relevant to the rule that the agency reviewed and either relied on in its evaluation of or justification for the rule or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**
Not applicable
- 8. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**
Not applicable

9. The summary of the economic, small business, and consumer impact:

This economic, small business and consumer impact statement for the preceptorship training rule analyzes the costs, savings, and benefits that accrue to the acupuncture board, federal, state, city agencies, preceptorship training programs, preceptorship training program supervisors, preceptorship training program students, and other training programs. The public will not experience an economic impact. The economic impact is minimal for the agency. It will require Board and staff time to review the applications and supporting documents and to ensure the standards are met. There will also be future regulation and compliance monitoring.

Depending on other political subdivisions requirements, the preceptorship training program may incur expenses in those areas. These expenses will be minimal and limited mainly to processing applications or forms, if any, related to their requirements for a preceptorship training program.

The applicant for a preceptorship-training program will incur a moderate economic impact in the form of developing the program that meets the rule standards. They will also incur a minimum economic impact when they applying for program approval. Those costs would include copy expense to document program qualifications for Board approval. Once approved, the program will benefit financially by accepting students into the training program.

A licensed acupuncturist who applies for approval as a supervisor will incur a minimum economic impact in copy expense to document qualifications.

The preceptorship training program student will incur an economic impact when participating in the preceptorship program. The impact will be in the form of tuition, books, and other related training expenses during the minimum 4,000 training hours required. The student will also benefit from the preceptorship training when qualifying to take the NCCAOM examination and meet the educational requirements for licensure in this state. They will also benefit in that they have a choice as to how they will get their training, either by a traditional school setting or alternative preceptorship training.

There may be an economic impact on already Board-approved training programs in that an acupuncture student may get training for licensure in the preceptorship format versus the traditional school setting. The impact would be limited because the rule limits a supervisor to two students.

The public will not experience an economic impact regarding this rule. The public will benefit because the training standard requirements are high to help ensure only qualified persons are able to get licensed as acupuncturists.

10. A description of the changes between the proposed rules, including supplemental notices, and final rules (if applicable):

None

11. A summary of the comments made regarding the rule and the agency response to them:

During the prescribed time period in the proposed rulemaking publication, the agency did not receive written or oral comment regarding the rule.

12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

Not applicable

13. Incorporations by reference and their location in the rules:

Not applicable

14. Was this rule previously made as an emergency rule?

No.

15. The full text of the rules follows:

TITLE 4. PROFESSIONS AND OCCUPATIONS

CHAPTER 8. ACUPUNCTURE BOARD OF EXAMINERS

ARTICLE 1. GENERAL PROVISIONS

Section	
R4-8-101.	Definitions
R4-8-105.	Time-frames for Licensure, Certification, and Approvals
Table 1.	Time-frames (in days)

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ARTICLE 3. TRAINING PROGRAMS AND CONTINUING EDUCATION

Section

- R4-8-303. Approval of Program of Acupuncture; Clinical Training; Preceptorship Training
- R4-8-304. Program of Acupuncture Standards
- R4-8-307. Acupuncture Program Monitoring; Records; Reporting
- R4-8-311. Preceptorship Training Standards
- R4-8-312. Approval of Preceptorship Training Program Supervisor

ARTICLE 4. REGULATORY PROVISIONS

Section

- R4-8-401. Treatment of Patients by Acupuncture Students; Supervision
- R4-8-402. Recordkeeping

ARTICLE 1. GENERAL PROVISIONS

R4-8-101. Definitions

For purposes of this Chapter:

1. "ACAOM" means the Accreditation Commission for Acupuncture and Oriental Medicine.
2. "Acupuncturist" means a person licensed or certified by the Board to practice acupuncture in this state ~~the State of Arizona~~.
3. "Administrative completeness review" means the Board's process for determining that a person has provided all of the information and documents required by this Chapter for an application.
4. "Applicant" means a person requesting a certificate or license from the Board.
5. "Application packet" means the fees, forms, documents, and additional information the Board requires to be submitted by an applicant or on an applicant's behalf.
6. "Clean needle technique" means a manner of needle sterilization and use that avoids the spread of disease and infection, protects the public and the patient, and complies with state and federal law, ~~regulation, and rule~~.
7. "Course" means a systematic learning experience, at least 1 hour in length, that assists a participant to acquire knowledge, skills, and information relevant to the practice of acupuncture.
8. "Day" means calendar day.
9. "Hour" means at least 50 minutes of course participation.
10. "NADA" means the National Acupuncture Detoxification Association.
11. "NCCAOM" means the National Commission for the Certification of Acupuncture and Oriental Medicine.
12. "Successful completion of a clean needle technique course" means a course participant has:
 - a. Attended the course, and
 - b. Received a passing score on an examination or other confirmation from the course provider that evidences that the participant mastered the course content.
13. "Supervisor" means an acupuncturist licensed by the Board who is responsible for the oversight and direction of an acupuncture student.
14. "Clinical hours" means actual clock hours that a student spends providing patient care under a Board-approved supervisor.
15. "Preceptorship training" means a program in which a student studies under a Board-approved supervisor who assumes responsibility for the didactic and clinical training of the student.
16. "Program of acupuncture" means a Board-approved method of training designed to prepare a student for the NCCAOM exam and licensure.
17. "Acupuncture student" means a person enrolled in a program of acupuncture or a preceptorship training program.

R4-8-105. Time-frames for Licensure, Certification, and Approval

- A. The overall time-frame described in A.R.S. § 41-1072(2) for each type of license, certificate, and approval granted by the Board is listed in Table 1. An applicant and the Executive Director of the Board may agree in writing to extend the overall time-frame. The overall time-frame and the substantive time-frame may not be extended by more than 25% of the overall time-frame.
- B. The administrative completeness review time-frame begins:
 - ~~1. For approval or denial of an acupuncture license by grandfathered rights, when the Board receives an application packet;~~
 1. For approval or denial of an application for licensure or other certification, when the Board receives an application packet; and
 - ~~2. For approval or denial of an application for approval of a training program, clean needle course, or continuing educa-~~

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tion course, when the Board receives a request for approval.

- C. If a time-frame's last day falls on a Saturday, Sunday or official state holiday, the next business day is the time-frame's last day.

Table 1. Time-frames (in days)

Type of Applicant	Type of Approval	Statutory Authority	Overall Time-frame	Administrative Completeness Time-frame	Substantive Review Time-frame
Acupuncture License by Grandfathered Rights	Approval for Licensure	Laws 1998, Ch. 239, § 3	60	20	40
Acupuncture License	Approval for Licensure	A.R.S. § 32-3924	60	20	40
Visiting Professor Certificate	Approval for Certification	A.R.S. § 32-3926	60	20	40
Auricular Acupuncture Certificate	Approval for Certification	A.R.S. § 32-3922	60	20	40
Auricular Acupuncture Training Program	Approval of training program	A.R.S. § 32-3922	60	20	40
Program of Acupuncture	Approval of training program	A.R.S. § 32-3924(2)	60	20	40
Clinical Training Program	Approval of training program	A.R.S. § 32-3924(2)	60	20	40
Clean Needle Technique Course	Approval of course	A.R.S. § 32-3924	60	20	40
Continuing education program	Approval for Continuing Education	A.R.S. § 32-3925	90	40	50
Exemption from continuing education	Approval of exemption	A.R.S. § 32-3925	30	10	20
License or certificate renewal	Approval of renewal	A.R.S. § 32-3925	60	20	40
License or certificate reinstatement	Approval of reinstatement of license	A.R.S. § 32-3925(D)	60	20	40
<u>Preceptorship training program</u>	<u>Preceptorship training program</u>	<u>A.R.S. § 32-3903(6)</u>	<u>60</u>	<u>20</u>	<u>40</u>

ARTICLE 3. TRAINING PROGRAMS AND CONTINUING EDUCATION

R4-8-303. Approval of Program of Acupuncture; Clinical Training; Preceptorship Training

- A. To obtain approval from the Board, an acupuncture program shall either:
1. Submit documentation that the acupuncture program is a candidate for accreditation or has accreditation through the ACAOM and provides a minimum of 1850 hours of training, including not less than 800 hours of clinical training; or
 2. Submit documentation of compliance with R4-8-304.
- B. To obtain approval from the Board, an acupuncture clinical training program shall either:
1. Submit documentation that the clinical training program is part of an acupuncture program that is a candidate for accreditation or has accreditation through the ACAOM, or is itself a candidate for accreditation or has accreditation through ACAOM; or
 2. Submit documentation of compliance with R4-8-304(B).
- C. To obtain approval from the Board, a preceptorship training program shall submit documentation of compliance with R4-8-311.

R4-8-304. Program of Acupuncture Standards

- A. The Board shall approve a program of acupuncture that does not meet the standard at R4-8-303(A)(1) only if the program is for a minimum of 3 three years and provides the following course content and hours:

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1. 690 hours in Oriental medical theory, diagnosis, and treatment techniques in acupuncture and related studies;
 2. 800 hours in clinical training; and
 3. 360 hours in biomedical clinical sciences.
- B. The Board shall approve an acupuncture clinical training program that does not meet the standard of R4-8-303(B)(1) only if the clinical training program owns and operates an acupuncture clinic, provides at least 75% of clinical instruction in its clinic, and provides direct patient contact in the following:
1. Supervised observation of the clinical practice of acupuncture with case presentations and discussions;
 2. Application of Eastern and Western diagnostic procedures in evaluating patients; and
 3. Clinical treatment of a patient with acupuncture.
- C. To be approved by the Board, an acupuncture program shall comply with the 14 Essential Requirements and their attendant criteria in the "Accreditation Handbook", January 1998 Update, pages 9 through 41, published by the Accreditation Commission for Acupuncture and Oriental Medicine, 1010 Wayne Avenue, Suite 1270, Silver Spring, MD 20910, which is incorporated by reference and on file with the Board and the Secretary of State. This incorporation includes no later edition or amendment.

R4-8-307. Acupuncture Program Monitoring; Records; Reporting

- A. Every approved acupuncture program shall submit to the Board, within 60 days after the close of the program's fiscal year, a letter attesting that the program continues to meet the standards of R4-8-303 and R4-8-304, and a course catalog that includes:
1. Course descriptions of the next ~~years~~ ^{year's} proposed curriculum;
 2. The program faculty, administration, or governing body; and
 3. A description of the program facility.
- B. Representatives of the Board may conduct an onsite visit of an approved program to review and evaluate the status of the program. The approved program shall reimburse the Board for direct costs incurred in conducting this review and evaluation.
- C. All student records shall be maintained in English.
- D. Each approved program of acupuncture shall, within 30 days, report to the Board any failure to comply with R4-8-303 and R4-8-304.
- E. Every approved preceptorship training program shall submit annually a letter attesting that the training program continues to meet the standards of R4-8-311.

R4-8-311 Preceptorship Training Standards

The Board shall approve a preceptorship training program that meets the following criteria:

1. The preceptorship training program shall have a minimum of 4,000 hours in no fewer than three and no more than six consecutive years.
2. The clinical training shall have a minimum of 1,950 clinical hours that include:
 - a. Clinical observation;
 - b. History and physical examination;
 - c. Therapeutic diagnosis and treatment planning;
 - d. Preparation of the patient;
 - e. Sterilization, use, and maintenance of equipment;
 - f. Moxibustion;
 - g. Electro acupuncture (AC and DC voltages);
 - h. Acupuncture techniques, auricular acupuncture, acupressure, Tui Na, and other forms of Oriental bodywork;
 - i. Treatment of emergencies, including cardiopulmonary resuscitation;
 - j. Pre-treatment and post-treatment instruction to the patient;
 - k. Contraindications, precautions, and clean needle technique; and
 - l. Practice management and ethics.
3. The didactic training shall have a minimum of 1,050 hours that include:
 - a. Traditional Oriental medicine;
 - b. Acupuncture, Tui Na, Oriental bodywork, and clinical training techniques;
 - c. Traditional Oriental exercise, including Qi Gong and Tai Chi;
 - d. Western sciences, which may be obtained at a college or university accredited by the U.S. Department of Education, including:
 - i. Anatomy;
 - ii. Physiology;
 - iii. Pathology and pathophysiology;
 - iv. Survey of western clinical medicine and sciences;
 - v. Psychology and counseling;
 - vi. Nutrition;

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- vii. General sciences (biology, chemistry, and physics);
- viii. Medical terminology; and
- ix. First aid and cardiopulmonary resuscitation.
- 4. The preceptorship training program shall not enroll more than two students per approved supervisor.
- 5. The preceptorship training program shall only enroll students who:
 - a. Are at least 18 years old, and
 - b. Have official transcripts documenting at least 60 semester hours or 90 quarter hours of credit from a college or university accredited by the U.S. Department of Education.
- 6. The preceptorship training program shall require each student, before admission, to sign a statement disclosing receipt of the following:
 - a. Preceptorship training requirements.
 - b. A current copy of the Acupuncture Board's statutes and rules, and
 - c. A current copy of NCCAOM requirements for apprenticeship training programs.

R4-8-312. Approval of Preceptorship Training Program Supervisor

- A. The Board shall approve each supervisor for a preceptorship training program who is a licensed acupuncturist and submits an application on a form provided by the Board that includes:
 - 1. Name, date of birth, and social security number;
 - 2. Current license number and expiration date;
 - 3. Whether the licensed acupuncturist has ever had a licensing authority of any state, district, or territory of the United States, or any other country or subdivision of any country, deny the applicant a license or certificate to practice acupuncture, or revoke, suspend, limit, restrict, or take any other action regarding the applicant's license or certificate to practice acupuncture, and if so, a written explanation;
 - 4. Documentation of a minimum of 10 years' experience in the practice of acupuncture and a current practice that includes a minimum of 500 acupuncture patient visits by no fewer than 100 different patients during each year. Patient visits shall be in a general health care practice, excluding specialized limited practice such as substance abuse or addiction.
 - 5. The address where the preceptorship training program will be provided.
- B. The licensed acupuncturist shall certify to the Board that the acupuncturist shall be solely responsible for the supervision of an enrolled student assigned to the acupuncturist for supervision.

ARTICLE 4. REGULATORY PROVISIONS

R4-8-401. Treatment of Patients by Acupuncture Students; Supervision

- A. For an acupuncture student to treat a patient, the student and the student's supervisor shall ~~comply with the following:~~
 - 1. Obtain written evidence of informed consent in writing from the patient before treatment by an acupuncture student, indicating that the patient knows a student will be treating the patient;
 - 2. Have a supervisor physically present in the clinic during any treatment of the patient performed by an acupuncture student;
 - 3. Consult each other before and after each treatment; and
 - 4. Maintain records for each patient treated in accordance with R4-8-402.
- B. The supervisor shall assign only patient treatments that can safely and effectively be performed by the student given the student's level of training.

R4-8-402. Recordkeeping

- A. An acupuncturist shall maintain legible and accurate records on each patient who is given acupuncture treatment, including the name of the patient, dates of treatment, history, treatment given, and progress made during acupuncture treatments.
- B. Acupuncture programs, clinical training programs, and preceptorship training programs shall safeguard, and maintain accurate and complete records that include, permanent program and student academic records that document all of the program requirements according to Article 3 of this Chapter, and
- C. Programs shall award a certificate, diploma, or degree in compliance with state and federal law to each student successfully completing a program.

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TITLE 15. REVENUE

CHAPTER 2. DEPARTMENT OF REVENUE
INCOME AND WITHHOLDING TAX SECTION

SUBCHAPTER C. INDIVIDUALS

[R05-210]

PREAMBLE

- 1. Sections Affected**

R15-2C-501	Amend
R15-2C-502	Amend
R15-2C-603	Amend
- 2. The statutory authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**

Authorizing statute: A.R.S. § 42-1005

Implementing statutes: A.R.S. §§ 43-1071, 43-1072, and 43-1096
- 3. The effective date of the rules:**

August 6, 2005
- 4. A list of all previous notices appearing in the Register addressing the final rule:**

Notice of Rulemaking Docket Opening: 11 A.A.R. 701, February 11, 2005

Notice of Proposed Rulemaking: 11 A.A.R. 688, February 11, 2005
- 5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**

Name: Dan Jensen, Tax Analyst

Address: Tax Policy and Research Division
Arizona Department of Revenue
1600 W. Monroe, Room 810
Phoenix, AZ 85007

Telephone: (602) 716-6377

Fax: (602) 716-7995

E-mail: DJensen@azdor.gov

Please visit the ADOR web site to track the progress of these rules and other agency rulemaking matters at www.azdor.gov/tra/draftdoc.htm.
- 6. An explanation of the rule, including the agency's reason for initiating the rule:**

The rules provide guidance on the requirements and procedures for resident and nonresident taxpayers to claim the credit against Arizona income taxes for income taxes paid to another state or country pursuant to A.R.S. §§ 43-1071 and 43-1096, as well as the credit available for property taxes pursuant to A.R.S. § 43-1072. The changes amend and remove rule language that is ambiguous, outdated, or otherwise inaccurate in explaining the Department's position on the applicable credits.
- 7. A reference to any study relevant to the rule that the agency reviewed and either relied on in its evaluation of or justification for the rule or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**

The Department did not review any study relevant to the rules.
- 8. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**

Not applicable
- 9. The summary of the economic, small business, and consumer impact:**

The agency expects that the benefits of the amended rules to the public and the agency from achieving a better understanding of the rules will be greater than the costs. Because the amendments clarify and more accurately explain the scope and nature of each credit a minimal impact may occur for those affected taxpayers due to increased compliance

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measures. However, making the rules more understandable will allow affected taxpayers to more easily and properly compute their applicable credits.

The amendments to these rules may save the Department costs associated with explaining the scope and proper calculation of these credits. These rules may also have an impact on the amount of Department audits and contested cases that go before the Office of Administrative Hearings.

10. A description of the changes between the proposed rules, including supplemental notices, and final rules (if applicable):

Only minor technical changes were made to the rules consistent with current rulewriting standards and to improve clarity and grammar.

11. A summary of the comments made regarding the rule and the agency response to them:

None

12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

None

13. Incorporations by reference and their location in the rules:

None

14. Was this rule previously made as an emergency rule?

No.

15. The full text of the rules follows:

TITLE 15. REVENUE

CHAPTER 2. DEPARTMENT OF REVENUE
INCOME AND WITHHOLDING TAX SECTION

SUBCHAPTER C. INDIVIDUALS

ARTICLE 5. CREDITS

Section

R15-2C-501. Credit for Net Income Taxes Paid to Another State or Country by an Arizona Resident

R15-2C-502. Property Tax Credit

ARTICLE 6. NONRESIDENTS

Section

R15-2C-603. Credit for Income Taxes Paid to Another State or Country by a Non-Resident

SUBCHAPTER C. INDIVIDUALS

ARTICLE 5. CREDITS

R15-2C-501. Credit for Net Income Taxes Paid to Another State or Country by an Arizona Resident

A. For purposes of this ~~rule~~ Section, the following definitions apply:

1. "Arizona income tax liability" means the Arizona income tax imposed on the entire income upon which Arizona tax is imposed minus the sum of:
 - a. The clean elections fund tax reduction taken under A.R.S. § 16-954; and
 - b. Any Arizona income tax credits claimed for the taxable year, except the credit for taxes paid to another state.
- 1.2. "Composite income tax return" means a single income tax return filed with another state by a taxable entity that normally would pass through applicable income and deductions to the individual members in which the return represents the interests of and is filed on behalf of all or a portion of the individual a group of individuals who are members of a the taxable entity which normally would pass through applicable income and deductions to the individual members. A partnership or S corporation would is generally be considered the type of entity to file that files a composite return on behalf of its members.
- 2.3. "Income subject to tax Entire income upon which Arizona tax is imposed" means Arizona adjusted gross income, or the equivalent thereof, as calculated pursuant to as defined and computed under A.R.S. § 43-1001, but does not

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~~including include~~ allowable exemptions as delineated in allowed under A.R.S. § 43-1023.

4. “Entire income upon which the other state’s tax is imposed” means the other state’s income computed under the equivalent of A.R.S. § 43-1094, but does not include exemptions allowable under the equivalent of A.R.S. § 43-1023.
 5. “Income subject to tax by both Arizona and the other state” means the portion of income included in entire income upon which Arizona tax is imposed that is also included in entire income upon which the other state’s tax is imposed.
 - 3-6. “Net income tax” means a tax ~~which that~~ grants deductions or exemptions from gross income. A system of taxation ~~which that~~ assesses taxes on gross income, gross receipts, or gross dividends ~~does not qualify for the credit is not a net income tax.~~ Payroll taxes Taxes withheld from income do not constitute a net income tax. Any tax imposed by another country that qualifies for a credit under Internal Revenue Code §§ 901 and 903 is a net income tax.
 7. “Net income tax liability of the other state” means the other state’s income tax imposed on the entire income upon which the other state’s tax is imposed minus any tax credits claimed against the other state’s income tax.
 - 4-8. “State” means foreign countries and states, territories, and possessions of the United States but does not include the federal government of the United States.
- B.** An Arizona resident may claim a credit against Arizona income taxes shall be allowed for Arizona residents for net income taxes imposed by and paid to another state if the following criteria are met:
1. Income taxed in Arizona is derived from sources within another state, and is subject to a net income tax in the
 2. The other state subjects the income to a net income tax, regardless of the residence of the taxpayer; and
 - 2-3. The other state does not allow a credit to Arizona residents against the net income tax imposed on income subject to tax in Arizona and the other state.
- C.** The amount of credit for taxes paid to another state shall be limited to is the lesser of the Arizona income tax ~~which liability~~ that relates to the income subject to tax by both Arizona and the other state or the net income tax liability of the other state ~~which that~~ relates to the income subject to tax by both Arizona and the other state.
1. The Arizona income tax ~~which liability that~~ relates to the income subject to tax by both Arizona and the other state shall be calculated by dividing is the amount of the income subject to tax in both Arizona and the other state, divided by the entire income subject to upon which Arizona tax and multiplying the resulting ratio times is imposed, multiplied by the Arizona income tax liability.
 2. The net income tax liability of the other state ~~which that~~ relates to the income subject to tax by both Arizona and the other state shall be calculated by dividing is the amount of the income subject to tax in both Arizona and the other state, divided by the entire income subject to tax in the other state and multiplying the resulting ratio times upon which the other state’s tax is imposed, multiplied by the net income tax liability of the other state.
- 3-D. The credit is limited to net income taxes and shall not be taken based on interest or penalties paid to another state. The credit taxpayer shall not be applied apply the credit against interest or penalties payable to Arizona.
- 4-E. The taxpayer shall apply the allowable credit for net income taxes paid to another state shall be applied only against Arizona income tax for the same taxable year in which the income is subject to tax in the other state.
- ~~D-F.~~ A credit for taxes paid to another state shall be allowed to an An individual taxpayer whose income is included in who participates in the filing of a composite income tax return filed to the other state, may claim a credit for taxes paid to the other state if:
1. The taxpayer meets all the requirements under A.R.S. § 43-1071 are met, and
 2. ~~the~~ The taxes paid to the other state are imposed upon on and paid directly by the individual taxpayer and not by the entity.
- G.** Taxes shall be considered For purposes of subsection (F), the Department shall consider taxes to be paid directly by the individual if:
1. ~~the~~ The individual taxpayer makes direct remittance payment to the other state, or
 2. The individual makes direct payment to the entity filing the composite income tax return, or
 3. ~~if the~~ The entity charges the individual’s loan account for the amount of the tax, or
 4. The entity reduces the individual’s capital account.
- ~~E-H.~~ Upon request, the taxpayer shall provide to the Department substantiation for proof of entitlement to the credit and evidence of payment.
1. ~~No credit shall be allowed~~ The Department shall not allow a credit unless such taxes are the taxpayer has paid the taxes to the other state.
 2. The taxpayer shall maintain proper documentation to substantiate prove entitlement to such the credit with proper documentation which shall be available to the Department upon request.
 3. ~~A~~ The taxpayer shall attach a copy of the tax return as submitted to filed with the other state shall be attached to the Arizona income tax return on which the credit is claimed taxpayer claims the credit.
- ~~F-I.~~ The taxpayer shall attach the following information to the Arizona income tax return on which the taxpayer claims a credit for tax imposed by and taxes paid to a foreign country is claimed:
1. All information as ~~delineated~~ described in subsection (E) (H). However, a taxpayer that claims a credit for taxes paid to a foreign country for amounts withheld at the source shall, instead of the information in subsection (H), attach documentation showing the amount of tax imposed and paid if the foreign country does not require the taxpayer to file a

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return; and

2. ~~A copy of the pertinent provisions of the foreign law under which the tax is imposed;~~
3. ~~In cases where English is not the official language of the foreign country, a translation of all required documentation;~~
~~and~~

4. ~~Where~~ If the tax is paid in a foreign currency, a statement substantiating the conversion rate on the date of payment.

J. For a credit for taxes paid to a foreign country, the taxpayer shall use the conversion rate in effect on the date the taxpayer pays the foreign taxes to the foreign country. If the tax is withheld in foreign currency, the taxpayer shall use the conversion rate in effect on the date on which the tax is withheld. If the taxpayer makes estimated tax payments to the foreign country, the taxpayer shall use the conversion rate in effect on the date the taxpayer makes the estimated tax payment.

K. The taxpayer shall increase or reduce the amount included in entire income upon which Arizona tax is imposed by related additions under A.R.S. § 43-1021 and by related subtractions under A.R.S. § 43-1022. The taxpayer shall increase or reduce the amount included in entire income upon which the other state's tax is imposed by related additions and subtractions under the other state's equivalent of A.R.S. §§ 43-1021 and 43-1022.

L. The taxpayer shall not take a credit under this Section based on interest or penalties paid to another state.

R15-2C-502. Property Tax Credit

A. ~~The following definitions apply for purposes of determining the eligibility for, and the amount of, a property tax credit. this Section:~~

1. ~~"Adjusted gross income" means the sum of all income not specifically excluded in A.R.S. § 43-1072 whether or not subject to Arizona income tax, except those items which are that A.R.S. § 43-1072 specifically included includes in income as defined in A.R.S. § 43-1072.~~

2. ~~"Member of the household" means the a claimant and any other person residing with the claimant in the homestead during the taxable year, whether or not the person is related to, or a dependent of, the claimant.~~

B. ~~Household income determines the eligibility for, and the amount of, a property tax credit. Household income shall be arrived at A claimant shall arrive at household income by combining the separately determined income, ~~as separately determined,~~ of each member of the household.~~

C. For purposes of arriving at adjusted gross income for each member of the household, all of the following ~~shall~~ apply:

1. Income from business or farm activities ~~shall be calculated as~~ is net income or loss from business or farm activities, determined in the same manner as income or loss reportable for federal income tax purposes;
2. Income from rents or royalties ~~shall be calculated as~~ is gross income from rent or royalty activities less deductions ~~as determined in the same manner as income or loss~~ reportable for federal income tax purposes; and
3. Income from capital gains ~~shall be calculated by netting~~ is the net capital gains and losses for each member of the household. ~~A net loss shall be limited to \$1,500. Net losses are limited to \$1,500 for each household member.~~

D. ~~Only 1 property tax credit is allowed. There shall be only one claimant under this Section per household per year for property taxes paid on the homestead or for the portion of rental payments representing property taxes paid on the homestead or both.~~

E. ~~Substantiation for the credit shall be submitted to the Department as follows: If a claimant files a property tax credit claim, the claimant shall attach the following documents to the claim, as applicable:~~

1. If the ~~claimant owns a home~~ is owned by the claimant, a copy of the property tax statement indicating the amount of taxes paid for the tax year, the property tax bill stamped "paid," or copies of ~~the cancelled checks for taxes paid along with~~ and a copy of the property tax bill. ;
2. If the claimant is a resident of a nursing home; or ~~is~~ a renter, a copy of the completed Arizona Form ~~RPTC 201-~~ ;
3. If the claimant owns a mobile home and pays rent on ~~a~~ the mobile home space, a copy of the completed Arizona Form ~~RPTC 201~~ and a copy of the property tax statement indicating the amount of taxes paid on the mobile home for the tax year, the property tax bill stamped "paid," or copies of cancelled checks for taxes paid along with and a copy of the property tax bill. ;
4. If the claimant is a shareholder of a cooperative corporation or a condominium association, a statement of the claimant's pro rata share of the assessed property taxes for the tax year and a copy of either:
 - a. The mortgage company statement of ~~a~~ the corporation or association indicating the total amount of property taxes paid for the tax year; or
 - b. A copy of the tax bill of the corporation or association stamped "paid:-" or
5. If the claimant received Title 16 Supplemental Security Income payments, a statement from the Social Security Administration indicating the amount of ~~benefits~~ payments for the current tax year.

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ARTICLE 6. NONRESIDENTS

R15-2C-603. Credit for Income Taxes Paid to Another State or Country by a Non-Resident

- A. For purposes of this ~~rule~~ Section, the following definitions apply:
1. "Arizona income tax liability" means the Arizona income tax imposed on the entire income upon which Arizona tax is imposed minus the sum of:
 - a. The clean elections fund tax reduction taken under A.R.S. § 16-954; and
 - b. Any Arizona income tax credits claimed for the taxable year, except the credit for taxes paid to another state.
 2. "Composite income tax return" means a single income tax return filed by a partnership or S corporation to Arizona on behalf of a group of individuals who are nonresidents of Arizona.
 3. ~~"Income subject to tax Entire income upon which Arizona tax is imposed"~~ "Income subject to tax Entire income upon which Arizona tax is imposed" means Arizona adjusted gross income, or the equivalent thereof, as calculated pursuant to computed under A.R.S. § 43-1001 43-1094, but does not including include allowable exemptions as delineated in allowed under A.R.S. § 43-1023.
 4. "Entire income upon which the other state's tax is imposed" means the other state's income computed under the equivalent of A.R.S. § 43-1001, but does not include exemptions allowable under the equivalent of A.R.S. § 43-1023.
 5. "Income subject to tax by both Arizona and the other state" means the portion of income included in entire income upon which Arizona tax is imposed that is also included in entire income upon which the other state's tax is imposed.
 - 2-6. "Net income tax" means a tax which that grants deductions or exemptions from gross income. A system of taxation which that assesses taxes on gross income, gross receipts, or gross dividends does not qualify for the credit is not a net income tax. Payroll taxes Taxes withheld from income do not constitute a net income tax. Any tax imposed by another country that qualifies for a credit under Internal Revenue Code §§ 901 and 903 is a net income tax.
 7. "Net income tax liability of the other state" means the other state's income tax imposed on the entire income upon which the other state's tax is imposed minus any tax credits claimed against the other state's income tax.
 - 3-8. "State" means foreign countries and states, territories, and possessions of the United States but does not include the federal government of the United States.
- B. ~~A nonresident of Arizona may claim a credit against Arizona income taxes shall be allowed for nonresidents of Arizona who are if the nonresident is not allowed a credit by their the state of residence for taxes paid to Arizona if and either of the following criteria is met apply:~~
1. ~~The other state does not tax Arizona residents on income derived from sources within the other state, or~~
 2. ~~The other state allows Arizona residents credit for taxes paid on income subject to tax by the other state and Arizona.~~
- C. ~~Nonresidents who participate A nonresident that participates in the filing of a composite income tax return, as defined in R15-2-1071, to Arizona shall not be allowed claim a credit for taxes paid to another state.~~
- D. ~~The amount of credit for taxes paid to another state shall be limited to is the lesser of the Arizona income tax which liability that relates to the income subject to tax by both Arizona and the other state or the net income tax liability of the other state which that relates to the income subject to tax by both Arizona and the other state.~~
1. ~~The Arizona income tax which liability that relates to the income subject to tax by both Arizona and the other state shall be calculated by dividing is the amount of the income subject to tax in both Arizona and the other state, divided by the entire income subject to upon which Arizona tax and multiplying the resulting ratio times is imposed, multiplied by the Arizona income tax liability.~~
 2. ~~The net income tax liability of the other state which that relates to the income subject to tax by both Arizona and the other state shall be calculated by dividing is the amount of the income subject to tax in both Arizona and the other state, divided by the entire income subject to tax in the other state and multiplying the resulting ratio times upon which the other state's tax is imposed, multiplied by the net income tax liability of the other state.~~
- 3-E. ~~The credit for taxes paid to another state is limited to net income taxes and shall not be taken based on interest or penalties paid to another state. The credit taxpayer shall not be applied apply the credit against interest or penalties payable to Arizona.~~
- 4-F. ~~The taxpayer shall apply the allowable credit for net income taxes paid to another state shall be applied only against Arizona income tax for the same taxable year in which the income is subject to tax in the other state.~~
- E. ~~Documentation to substantiate the credit shall be attached to the Arizona personal income tax return on which the credit is claimed pursuant to the provisions in subsections R15-2C-501(E) and (F).~~
- G. ~~Upon request, the taxpayer shall provide to the Department proof of entitlement to the credit and evidence of payment.~~
1. ~~The Department shall not allow a credit unless the taxpayer has paid the taxes to the other state.~~
 2. ~~The taxpayer shall maintain proper documentation to prove entitlement to the credit.~~
 3. ~~The taxpayer shall attach a copy of the tax return filed with the other state to the Arizona income tax return on which the taxpayer claims the credit.~~
- H. ~~The taxpayer shall attach the following to the Arizona income tax return on which the taxpayer claims a credit for taxes paid to a foreign country:~~
1. ~~All information described in subsection (G). However, a taxpayer that claims a credit for taxes paid to a foreign country for amounts withheld at the source shall, instead of the documentation in subsection (G), attach documentation showing the amount of tax imposed and paid if the foreign country does not require the taxpayer to file a return; and~~

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2. If the tax is paid in a foreign currency, a statement substantiating the conversion rate on the date of payment.
- I.** For a credit for taxes paid to a foreign country, the taxpayer shall use the conversion rate in effect on the date the taxpayer pays the foreign taxes to the foreign country. If the tax is withheld in foreign currency, the taxpayer shall use the conversion rate in effect on the date the tax is withheld. If the taxpayer makes estimated tax payments to the foreign country, the taxpayer shall use the conversion rate in effect on date the taxpayer makes the estimated tax payment.
- J.** The taxpayer shall increase or reduce the amount included in entire income upon which Arizona tax is imposed by related additions under A.R.S. § 43-1021 and by related subtractions under A.R.S. § 43-1022. The taxpayer shall increase or reduce the amount included in entire income upon which the other state's tax is imposed by related additions and subtractions under the other state's equivalent of A.R.S. §§ 43-1021 and 43-1022.
- K.** The taxpayer shall not take a credit under this Section based on interest or penalties paid to another state.