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Arizona Revised Statutes Section 43-1075

Affordable housing tax credit

A. A taxpayer is allowed a credit against the taxes imposed by this title if the Arizona department of housing issues an eligibility statement for a qualified project pursuant to section 41-3954. The amount of the credit:

1. Is equal to at least fifty percent of the amount of the federal low-income housing credit for the qualified project.
2. On notice to the department of revenue, may be allocated among the partners, members or shareholders, as they may agree among themselves regardless of the size of such participant's ownership interest. The total of the allocated credits among all such participants may not exceed the amount of the credit approved by the Arizona department of housing. This paragraph does not prohibit a partner, member or shareholder from holding an investment exclusively in either the state credits or federal credits allocated to the qualified project.

B. To claim the credit under this section, the taxpayer must submit the eligibility statement provided by the Arizona department of housing under section 41-3954 to the department of revenue with the taxpayer's income tax return. A credit under this section is not allowed until the taxpayer furnishes the required documentation.

C. If the amount of the credit for a taxable year exceeds the amount of taxes otherwise due under this title on the claimant's income, or if there are no taxes due under this title, the taxpayer may carry the amount of the claim not used to offset the taxes under this title forward for not more than five consecutive taxable years' income tax liability.

D. If all or part of the federal low-income housing tax credit with respect to the qualified project is subject to recapture under section 42 of the internal revenue code during the first ten taxable years after the project is placed in service, the credit under this section is also subject to recapture in a proportional amount from all taxpayers who claimed the credit. The recapture is calculated by increasing the amount of taxes imposed in the following year by the amount recaptured.

E. The department of revenue, with the cooperation of the department of insurance and financial institutions and the Arizona department of housing, shall adopt rules and publish and prescribe forms and procedures as necessary to administer this section.