

**DO NOT file more than one original A1-QRT per EIN per quarter.**

**Part 1 Taxpayer Information**

Name	Employer Identification Number (EIN)		
Number and street or PO Box	QUARTER AND YEAR Q   Y, Y, Y, Y		
City or town, state and ZIP Code	↑ Enter Quarter (1, 2, 3 or 4) and four digits of year. See instructions.		
Business telephone number (with area code)	<b>REVENUE USE ONLY. DO NOT MARK IN THIS AREA.</b> <b>88</b>		
<b>Check box if:</b> <b>A</b> <input type="checkbox"/> Amended Return <b>B</b> <input type="checkbox"/> Address Change <b>C</b> <input type="checkbox"/> Final Return (CANCEL ACCOUNT) If this is your final return, the department will cancel your withholding account. Enter the date final wages were paid and complete Part 6 ..... M M   D D   Y Y, Y Y, Y Y <b>D</b> <input type="checkbox"/> Check this box if this form is being filed by the surviving employer and the periods covered by this return are for less than three (3) months. Also enter the following: Predecessor Employer Name ..... Predecessor Employer EIN .....			
<b>E</b> Total Arizona payroll for this quarter ..... \$ <b>F</b> Total number of employees paid Arizona wages for this quarter .....			
<table style="width:100%; border: none;"> <tr> <td style="border: 1px solid black; width: 60%;"><b>81</b> PM</td> <td style="border: 1px solid black; width: 40%;"><b>66</b> RCVD</td> </tr> </table>		<b>81</b> PM	<b>66</b> RCVD
<b>81</b> PM	<b>66</b> RCVD		

**Part 2 Tax Liability Schedule** Include all withholding amounts from all sources (i.e. wages & salary, pensions & annuities, gambling winnings, etc.). See instructions.

**A. Quarterly Deposit Schedule: Complete if prior 4 quarter average was not more than \$1,500.**

**A1** Tax Liability. Enter the total amount withheld during the quarter. Also enter this amount on Part 3, line 1 ..... **A1**

Complete Section A above **OR** Section B below; **DO NOT COMPLETE BOTH.**

**B. Monthly or Semi-Weekly/Next Day Deposit Schedule: Complete if prior 4 quarter average was greater than \$1,500.**

Semi-weekly depositors and taxpayers with a next-day tax deposit obligation during the quarter, **CHECK THIS BOX** and complete Part 4.

For lines B1 through B3, enter the total amount withheld for each month in the quarter.

B1 Month 1 Liability.....	<b>B1</b>
B2 Month 2 Liability.....	<b>B2</b>
B3 Month 3 Liability.....	<b>B3</b>
B4 Total. Enter this amount on Part 3, line 1.....	<b>B4</b>

**Part 3 Tax Computation** (See instructions.)

1 Liability: Enter the amount from line A1 or line B4 .....	<b>1</b>
2 Payments made during this quarter. ....	<b>2</b>
3 <b>Total Amount Due:</b> Subtract line 2 from line 1. Enter the difference. Use a minus sign to indicate a negative amount. ....	<b>3</b>

<b>Declaration</b>	Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, it is a true, complete and correct return.		
<b>Please Sign Here</b>	TAXPAYER'S SIGNATURE _____	DATE _____	BUSINESS TELEPHONE NUMBER _____
<b>Paid Preparer's Use Only</b>	PAID PREPARER'S SIGNATURE _____	DATE _____	PAID PREPARER'S PTIN _____
	FIRM'S NAME (OR PAID PREPARER'S NAME, IF SELF-EMPLOYED) _____		FIRM'S EIN _____
	FIRM'S STREET ADDRESS _____		FIRM'S TELEPHONE NUMBER _____
	CITY _____	STATE _____	ZIP CODE _____

▶ **Make check payable to:** Arizona Department of Revenue. Include EIN on payment.  
 ▶ **Mail return and payment to:** Arizona Department of Revenue, PO Box 29009, Phoenix, AZ 85038-9009

**Part 4 Semi-Weekly/Next Day Deposit Schedule**

A. First Month of Quarter (Days of the Month)					
1 <input type="checkbox"/>	8 <input type="checkbox"/>	15 <input type="checkbox"/>	22 <input type="checkbox"/>	29 <input type="checkbox"/>	<b>Check a box only if you had a next-banking day deposit obligation.</b>
2 <input type="checkbox"/>	9 <input type="checkbox"/>	16 <input type="checkbox"/>	23 <input type="checkbox"/>	30 <input type="checkbox"/>	
3 <input type="checkbox"/>	10 <input type="checkbox"/>	17 <input type="checkbox"/>	24 <input type="checkbox"/>	31 <input type="checkbox"/>	
4 <input type="checkbox"/>	11 <input type="checkbox"/>	18 <input type="checkbox"/>	25 <input type="checkbox"/>		
5 <input type="checkbox"/>	12 <input type="checkbox"/>	19 <input type="checkbox"/>	26 <input type="checkbox"/>		
6 <input type="checkbox"/>	13 <input type="checkbox"/>	20 <input type="checkbox"/>	27 <input type="checkbox"/>		
7 <input type="checkbox"/>	14 <input type="checkbox"/>	21 <input type="checkbox"/>	28 <input type="checkbox"/>		
<b>Month 1 Liability:</b> Enter total here and on Part 2, line B1.....					\$

B. Second Month of Quarter (Days of the Month)					
1 <input type="checkbox"/>	8 <input type="checkbox"/>	15 <input type="checkbox"/>	22 <input type="checkbox"/>	29 <input type="checkbox"/>	<b>Check a box only if you had a next-banking day deposit obligation.</b>
2 <input type="checkbox"/>	9 <input type="checkbox"/>	16 <input type="checkbox"/>	23 <input type="checkbox"/>	30 <input type="checkbox"/>	
3 <input type="checkbox"/>	10 <input type="checkbox"/>	17 <input type="checkbox"/>	24 <input type="checkbox"/>	31 <input type="checkbox"/>	
4 <input type="checkbox"/>	11 <input type="checkbox"/>	18 <input type="checkbox"/>	25 <input type="checkbox"/>		
5 <input type="checkbox"/>	12 <input type="checkbox"/>	19 <input type="checkbox"/>	26 <input type="checkbox"/>		
6 <input type="checkbox"/>	13 <input type="checkbox"/>	20 <input type="checkbox"/>	27 <input type="checkbox"/>		
7 <input type="checkbox"/>	14 <input type="checkbox"/>	21 <input type="checkbox"/>	28 <input type="checkbox"/>		
<b>Month 2 Liability:</b> Enter total here and on Part 2, line B2.....					\$

C. Third Month of Quarter (Days of the Month)					
1 <input type="checkbox"/>	8 <input type="checkbox"/>	15 <input type="checkbox"/>	22 <input type="checkbox"/>	29 <input type="checkbox"/>	<b>Check a box only if you had a next-banking day deposit obligation.</b>
2 <input type="checkbox"/>	9 <input type="checkbox"/>	16 <input type="checkbox"/>	23 <input type="checkbox"/>	30 <input type="checkbox"/>	
3 <input type="checkbox"/>	10 <input type="checkbox"/>	17 <input type="checkbox"/>	24 <input type="checkbox"/>	31 <input type="checkbox"/>	
4 <input type="checkbox"/>	11 <input type="checkbox"/>	18 <input type="checkbox"/>	25 <input type="checkbox"/>		
5 <input type="checkbox"/>	12 <input type="checkbox"/>	19 <input type="checkbox"/>	26 <input type="checkbox"/>		
6 <input type="checkbox"/>	13 <input type="checkbox"/>	20 <input type="checkbox"/>	27 <input type="checkbox"/>		
7 <input type="checkbox"/>	14 <input type="checkbox"/>	21 <input type="checkbox"/>	28 <input type="checkbox"/>		
<b>Month 3 Liability:</b> Enter total here and on Part 2, line B3.....					\$

**Part 5 Amended Form A1-QRT Return Information**

If you checked the box "Amended Return" in Part 1, explain why an amended Form A1-QRT is being filed (include additional sheets, if necessary):

**Part 6 Final Form A1-QRT**

If you checked the box "Final Return" in Part 1, check the box that indicates why this is a final return:

- 1  Reorganization or change in business entity (example: from corporation to partnership).
- 2  Business sold.
- 3  Business stopped paying wages and will not have any employees in the future.
- 4  Business permanently closed.
- 5  Business has only leased or temporary agency employees.
- 6  Other (specify reason): \_\_\_\_\_
  
- 7  Check this box if records will be kept at a location different from the address shown in Part 1.
  - Name: \_\_\_\_\_
  - Number and Street: \_\_\_\_\_
  - City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP Code: \_\_\_\_\_
  
- 8  Check this box if there is a successor employer.
  - Name: \_\_\_\_\_ EIN: \_\_\_\_\_
  - Number and Street: \_\_\_\_\_
  - City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP Code: \_\_\_\_\_

**Arizona Quarterly Withholding Tax Return**

**For information or help, call one of these numbers:**

Phoenix (602) 255-3381  
From area codes 520 and 928, toll-free (800) 352-4090

**Tax forms, instructions, and other tax information**

If you need tax forms, instructions, and other tax information, go to the department's website at [www.azdor.gov](http://www.azdor.gov).

**Withholding Tax Procedures and Rulings**

These instructions may refer to the department's withholding tax procedures and rulings for more information. To view or print these, go to our website and click on *Reports & Legal Research* then click on *Legal Research* and select a Document Type and Category from the drop down menus.

**Publications**

To view or print the department's publications, go to our website and click on *Reports & Legal Research*. Then click on *Publications*.

**General Information**

Arizona law requires employers to withhold Arizona income tax from:

- The payment of wages, salary, or bonus to any employee whose compensation is for services performed within Arizona, unless those wages are exempt from Arizona income tax withholding;
- The premature withdrawal of state and local retirement contributions; and,
- Payments of prize winnings subject to federal withholding under Internal Revenue Code (IRC) §§ 1441 or 3402(q) from:
  - The Arizona state lottery commission, or,
  - Arizona sanctioned horse or dog racing.

At the request of the individual receiving the payment, Arizona income tax may be withheld from the following:

- Retired or retainer pay for service in the military or naval forces of the United States;
- Payments under the United States civil service retirement system from the United States government service retirement and disability fund;
- Pensions;
- Traditional Individual Retirement Accounts;
- Any other annuity;
- Unemployment compensation; and,
- Out-of-state wages earned by an Arizona resident, if the employer and the employee agree to withhold Arizona income tax.

Each employer remits the tax withheld to the department using the deposit schedule that applies to that employer.

**NOTE:** For additional information on withholding requirements, refer to the *Employer's Instructions for the Employee's Arizona Withholding Election (Form A-4 Instructions)*.

**Why is Form A1-QRT required?**

An employer must withhold Arizona income tax from wages paid for services performed in Arizona. Tax must be withheld, unless those wages are exempt from Arizona withholding tax.

In addition, Arizona income tax may be withheld from pensions and gambling winnings.

The employer must remit the tax withheld to the department, based on the deposit schedule that applies to that employer.

Employers must reconcile the amounts withheld during the quarter to the amounts paid during the quarter. Form A1-QRT is filed for this purpose.

Form A1-QRT is also used as:

- The payment transmittal form for payments made on a quarterly basis when those payments are made by check or money order; and,
- The written notification to the department that the business is cancelling its withholding registration.

**NOTE:** For details about other returns and forms that may be required, see Withholding Tax Procedure (WTP) 16-2, What Withholding Tax Forms and Returns to File and When to File Them.

**Who Must File Form A1-QRT**

All employers, except employers who remit on an annual basis, must file Form A1-QRT. Employers that remit on any of the following schedules must file Form A1-QRT to reconcile their withholding deposits for the calendar quarter:

- Quarterly
- Monthly
- Semi-weekly
- Next day

Form A1-QRT is also used as:

- The payment transmittal form for payments made on a quarterly basis when those payments are made by check or money order, and as,
- The written notification to the department that the business is cancelling its withholding registration.

**NOTE:** An employer must file Form A1-QRT for every quarter. This includes quarters in which the employer has not withheld any Arizona tax. For those quarters, the employer must file a Form A1-QRT that shows zero withholding liability. These returns must be filed until the employer cancels its withholding registration by filing a final Form A1-QRT. The only exception is for employers that qualify to file and pay on an annual basis (Form A1-APR).

**Exception for annual payment return (Form A1-APR)**

Certain employers may make their withholding payments on an annual basis and file an annual withholding tax return on Form A1-APR. These employers will not file Form A1-QRT or Form A1-R.

An employer may make its Arizona withholding payments on an annual basis if all of the following conditions are met:

- The employer has established a history of withholding activity by filing the quarterly tax return (Form A1-QRT) for at least the four preceding calendar quarters.
- The employer's withholding liability was an amount greater than zero for at least one of the four preceding calendar quarters.

- The average amount of Arizona income taxes withheld by the employer in the four preceding calendar quarters does not exceed \$200. The employer will meet this average withholding requirement if the total amount withheld in the four preceding calendar quarters is \$800 or less.
- The employer has timely filed Form A1-QRT and has timely made its Arizona withholding payments for at least three of the four preceding calendar quarters.
- The employer has filed Form A1-QRT for all preceding calendar quarters and does not have a balance due (tax, penalty, or interest) for any preceding calendar quarter.
- The employer has filed the annual reconciliation tax return (Form A1-R) for all preceding calendar years and has timely filed Form A1-R for the preceding calendar year.

An employer may continue to make its Arizona withholding payments on an annual basis for the succeeding calendar year if all of the following conditions are met:

- The average amount of Arizona income taxes withheld by the employer in the four preceding calendar quarters does not exceed \$200; and,
- The employer has timely filed the annual tax return and has timely made its annual Arizona withholding payment for the preceding calendar year.

If an employer does not meet all of the qualifying conditions to continue making its Arizona withholding payments on an annual basis for the succeeding calendar year, or, if that employer has an average withholding of greater than \$200 for the four preceding calendar quarters:

- The employer must determine its Arizona withholding payment schedule for succeeding calendar quarters according to the instructions in the Arizona Withholding Liability/Payment Schedule section; and,
- The employer shall file the quarterly tax return (Form A1-QRT) for succeeding calendar quarters.

**What withholding payments are reconciled using this form?**

All Arizona withholding amounts averaging more than \$200 per quarter are reconciled using this form. Arizona law requires all amounts withheld to be treated as if the withholding was from wages paid to an employee.

**NOTE:** Arizona law states that all amounts withheld are to be treated as if the withholding was from wages paid to an employee. If you file federal Form 941 to report federal withholding on Arizona wages and federal Form 945 to report federal withholding on Arizona non-wage payments for the same Employer Identification Number (EIN), file one A1-QRT to reconcile the total Arizona withholding for the quarter. Do not file more than one original A1-QRT for the same EIN for the same quarter.

File Form A1-QRT for every quarter. This includes quarters in which the employer has not withheld any Arizona income tax. For those quarters, file Form A1-QRT reporting zero (0) withholding liability.

Form A1-QRT must be filed until the employer cancels its withholding registration by filing a final Form A1-QRT. (See page 4 for instructions on filing a final Form A1-QRT.)

**NOTE:** Employers that qualify to file and pay on an annual basis (Form A1-APR) are not required to file Form A1-QRT.

**Payroll Service Companies**

You may use a Payroll Service Company (PSC) to file your Form A1-QRT. If you use a PSC, that company must file your A1-QRT electronically.

**Arizona Withholding Deposit Schedules**

For Arizona withholding tax purposes, several deposit schedules may apply. The schedule that an employer must use depends on the amount of Arizona tax withheld. These schedules are based on the average amount withheld during the prior 4 quarter period. The employer must compute this average at the start of each new quarter. The deposit schedule that may apply for one quarter may not be the same schedule that applies to the next quarter. Refer to A.A.C. R15-2B-101(A) OR, to the department’s procedure, WTP 16-1, [Procedure for Determining When an Employer Must Remit Arizona Withholding Tax](#), for information on determining your deposit schedule.

**NOTE:** Employers whose Arizona withholding tax liability for the 2020 calendar year is \$5,000 or more must make Arizona withholding tax payments using EFT. See the section “Payment by Electronic Funds Transfer” on page 5 for additional information.

**Explanation of Deposit Schedules**

The Arizona deposit schedules are as follows:

Previous 4 Quarter Arizona Withholding Average	Arizona Deposit Schedule
\$1,500 or less	<b>Quarterly</b> (May deposit on an annual basis if 4 quarter average is \$200 or less and other criteria met)
More than \$1,500	<b>Same time as Federal</b> (Monthly, Semi-weekly, Next Business Day)

**NOTE:** For help in figuring out your quarterly averages and which deposit schedule to use, see WTP 16-2, What Withholding Tax Forms and Returns to File and When to File Them.

**Annual Deposit Schedule**

**NOTE:** An employer that uses the annual deposit schedule does not file Form A1-QRT. This employer files Form A1-APR instead.

Some employers may qualify to make one annual Arizona withholding payment. The employer must have been in business for at least a year and must have established a specified filing and payment history. The employer must also have an average quarterly Arizona tax withholding of \$200 or less for the 4 preceding calendar quarters. For complete details, see the instructions for the *Annual Payment Withholding Tax Return, Arizona Form A1-APR*.

The payment due date for the annual deposit schedule is:

Period in Which Wages Paid	Arizona Payment Due By
January – December	January 31 of the following year
<i>If the due date falls on a Saturday, Sunday, or a legal holiday, the payment will be timely if made on the next banking day.</i>	

**Quarterly Deposit Schedule**

An employer that does not qualify to make one annual Arizona withholding payment and its income tax withheld during the prior 4 quarters was not greater than \$1,500, must use the quarterly deposit schedule.

The payment due dates for the quarterly deposit schedule are:

Quarter in Which Wages Paid	Arizona Payment Due By
1st	April 30
2nd	July 31
3rd	October 31
4th	January 31
<i>If the due date falls on a Saturday, Sunday, or a legal holiday, the payment will be considered timely if made on the next banking day.</i>	

**Monthly or Semi-Weekly Deposit Schedule (Same Time as Federal Deposit Schedule)**

When an employer’s prior 4 quarter average of Arizona income tax withheld is more than \$1,500, the employer must pay its Arizona income tax withheld at the same time it pays its federal tax.

For federal purposes, there are two deposit schedules, monthly and semi-weekly. Before the start of each calendar year, the employer must decide which of the two deposit schedules it must use. The terms “monthly deposit schedule” and “semi-weekly deposit schedule” do not refer to how often a business pays wages. These terms refer to which set of deposit rules the employer must use. The deposit rules are based on the dates when wages are paid (cash basis); not on when tax liabilities are accrued for accounting purposes.

**Federal Monthly Deposit Schedule**

For federal purposes, this schedule applies when the total federal tax reported for the federal lookback period was \$50,000 or less. Following the monthly deposit schedule, an employer must deposit its taxes for wages paid during the month by the 15<sup>th</sup> day of the following month. An Arizona employer whose prior 4 quarter average is more than \$1,500, who uses this schedule for federal purposes must also deposit the Arizona tax withheld by the 15<sup>th</sup> day of the following month.

**NOTE:** *If the due date falls on Saturday, Sunday, or a legal holiday, the payment is considered timely if made on the next banking day.*

**Federal Semi-Weekly Deposit Schedule**

This schedule applies when the employer’s total federal tax reported for the federal lookback period was more than \$50,000. An Arizona employer whose prior 4 quarter average is more than \$1,500, who uses semi-weekly deposit schedule

for federal purposes must use this same schedule to pay its Arizona tax. Use the table below to determine when you must make your deposit(s).

**Semi-Weekly Deposit Schedule**

Day of the Week Wages Paid	Payment Due By
Wednesday, Thursday or Friday	The following Wednesday
Saturday, Sunday, Monday or Tuesday	The following Friday
<i>If the due date falls on a Saturday, Sunday, or a legal holiday, the withholding payment is timely if made on the next banking day.</i>	

**Federal Next Business Day Deposit**

When the employer accumulates a federal tax liability of \$100,000 or more on any day during a federal deposit period, the employer must deposit its tax by the close of the next business day. This applies whether the employer is a monthly or semi-weekly schedule depositor.

An Arizona employer whose prior 4 quarter average is more than \$1,500, that must deposit its federal tax by the close of the next business day, must also deposit its Arizona tax by the close of the next business day. If an employer is a monthly depositor, that employer will become a semi-weekly depositor when it incurs a next day deposit obligation. The employer will remain a semi-weekly depositor for the remainder of the calendar year and for the following calendar year.

**General Instructions**

**What are the due dates for filing Form A1-QRT?**

Form A1-QRT is due as follows:

Quarter	Form A1-QRT Due Date	*Form A1-QRT Extended Due Date
1 (January - March)	April 30	May 10
2 (April - June)	July 31	August 10
3 (July - September)	October 31	November 10
4 (October - December)	January 31	February 10

If any due date falls on a Saturday, Sunday or legal holiday, the return will be considered timely if it is filed by the next business day. (See *General Tax Ruling [GTR] 16-1, Timely Filing of Income or Withholding Tax Returns Through the United States Mail* or *GTR 16-2, Timely Filing of Income or Withholding Tax Return – Holidays and Weekends.*)

\*Extended due dates for Form A1-QRT are available to employers who have made every payment on time during the prior quarter. These employers may have 10 additional days in which to file their A1-QRT.

**Electronic Filing of Withholding Tax Returns**

Withholding returns shall be filed electronically for taxable years beginning from and after December 31, 2019, or when the department establishes an electronic filing program.

For 2020, the department currently has three methods to file Form A1-QRT electronically. These methods are:

- An employer may register at <https://efile.aztaxes.gov/AZFSETPortal> [AZ Web File (ASFSET)] to bulk-file its return by uploading a .csv file.
- An employer may register at <https://aztaxes.gov/Home/Page> (AZTaxes) and use the data input method to submit its return.
- Registered transmitters of AZ Web File (AZFSET) can bulk-file using the transmission method.

Any employer who is required to file its withholding return electronically may apply to the director for an annual waiver from the electronic filing requirement. The waiver may be granted, which may be renewed for one subsequent year, if any of the following apply:

- The employer has no computer.
- The employer has no internet access.
- Any other circumstance considered to be worthy by the director.

To request a waiver, submit Form 292, Electronic Filing and Payment Waiver Application, to the department. Form 292 is available at: <https://azdor.gov/forms/other-forms/electronic-filing-and-payment-waiver-application>.

A waiver is not required if the withholding return cannot be electronically filed for reasons beyond the employer's control, including situations in which the employer was instructed by the Internal Revenue Service (IRS), or the Arizona Department of Revenue (department) to file by paper.

Please contact the department at [azwebfilesupport@azdor.gov](mailto:azwebfilesupport@azdor.gov) if you need assistance in electronically submitting your Arizona withholding return.

### Filing an Original Return

File this form on a quarterly basis. File one Form A1-QRT per EIN per calendar quarter regardless of the source of the withholding.

Submit Form A1-QRT electronically unless the employer has been granted a waiver pursuant to A.R.S. § 43-325(F), or has been instructed to file a paper return by the IRS or by the department.

### What to do if you close your business

When your business is sold, discontinued, converted to a new form, or all your employees are dismissed, you must notify the department by filing a final return and request the department close your withholding account. Until you request the department cancel your withholding account, your withholding return(s) will continue to be due.

#### To file your final Form A1-QRT:

- Check box C "Final Return" to cancel your withholding account. Enter the date final wages were paid. Also complete Part 6.
- Check box D if this form is being filed by the surviving employer and the period(s) covered are for less than 3 months. Enter the Predecessor Employer Name and EIN in the spaces provided.

**NOTE:** To cancel your account, you must file a final Form A1-QRT and file a final Form A1-R for the year during which final wages were paid. Refer to the instructions for Form A1-R for assistance in filing your final Form A1-R.

### Filing an Amended Return

If this is an amended Form A1-QRT, check Box A, "Amended Return" and complete the form using your corrected withholding information. Complete Part 5 to explain why you amended your return.

If you amend a return for a quarter in a prior calendar year, you must also file an amended Form A1-R for that year. Include the state copies of federal Forms W-2, W-2c, W-2G, and 1099 with the amended Form A1-R.

**Unless the employer was granted a waiver to file its original return by paper, or was directed by the IRS or the department to file the original Form A1-QRT as a paper return, amended Forms A1-QRT shall be submitted electronically using either AZFSET or a registered transmitter.** For additional information on either of these methods, see the preceding section labeled, *Electronic Filing of Withholding Tax Returns*.

**NOTE:** Amended Forms A1-QRT cannot be submitted through AZTaxes.

### Penalties and Interest

#### Late Filing Penalty

If you file late, a late filing penalty will be assessed. This penalty is 4½% (.045) of the tax required to be shown on the return for each month or fraction of a month the return is late. This penalty cannot exceed 25% (.25) of the tax found to be remaining due.

#### Late Payment Penalty

If the tax is paid late, a late payment penalty will be assessed. This penalty is ½ of 1% (.005) of the amount shown as tax for each month or fraction of a month for which the failure continues. The department charges this penalty from the original due date of the return until the date you pay the tax. This penalty cannot exceed a total of 10% (.10) of the unpaid tax.

**NOTE:** If you voluntarily file an amended return and pay the additional tax due when you file your amended return, the department will not assess the late payment penalty. Exceptions are:

- The taxpayer is under audit by the department.
- The amended return was filed on demand or request by the department.

**NOTE:** If the penalties in both A and B apply, the maximum combined penalty cannot be more than 25%.

#### Additional Failure to Pay Penalty

An additional penalty may be assessed if the amount of tax required to be withheld is not paid by the date set for its payment. This penalty is 25% (.25) of the amount of tax required to be withheld and paid to the department.

#### Payroll Service Company Penalty

A PSC **must** make withholding payments electronically. A PSC must also file Form A1-QRT electronically. A PSC is subject to a \$25 penalty for each failure to make withholding payments electronically. A PSC is also subject to a \$25 penalty for each failure to file withholding returns electronically. Multiple \$25 penalties could apply to the same client on one return. For example, if Client A is required to make 4 payments in the 3rd quarter, and none of the payments are made electronically, the PSC

would be subject to four \$25 penalties, totaling \$100. If the PSC files a paper Form A1-QRT for Client A, the PSC will be charged another penalty of \$25. The PSC would owe a grand total of \$125 in penalties related to Client A for the 3rd quarter.

### Interest

The department charges interest on any tax not paid by the due date. The Arizona interest rate is the same as the federal rate imposed on individual taxpayers.

### Payment of Tax

The entire amount of tax must be paid by the original due date of Form A1-QRT. The tax must be paid by the original due date even if the employer has been granted an extension of time to file Form A1-QRT.

**NOTE:** *If the due date falls on a Saturday, Sunday, or a legal holiday, the payment will be considered timely if made on the next business day.*

### Payment by Electronic Funds Transfer

Employers are required to pay their tax liability by electronic funds transfer (EFT) if the employer owes:

- \$5,000 or more for any taxable year beginning from and after December 31, 2019, through December 31, 2020; or
- \$500 or more for any taxable year beginning from and after December 31, 2020.

**NOTE:** *If an employer was required to make its tax payments for taxable year 2020 by EFT, it must also pay any additional tax due from an amended return by EFT.*

An employer may apply to the director for an annual waiver from the electronic payment requirement. The application must be received by December 31 of each year. The director may grant the waiver if any of the following applies:

- The employer has no computer.
- The employer has no internet access.
- Any other circumstance considered to be worthy by the director exists, including:
  - The employer has a sustained record of timely payments, and,
  - No delinquent tax account with the department.

To request a waiver, submit Form 292, *Electronic Filing and Payment Waiver Application*, to the department. Form 292 is available at: <https://azdor.gov/forms/other-forms/electronic-filing-and-payment-waiver-application>.

**NOTE:** *An employer who is required to pay by EFT but who fails to do so is subject to a penalty of 5% (.05) of the amount of the payment not made by EFT. See A.R.S. § 42-1125(O).*

*For additional information on electronic funds transfer, refer to A.R.S. § 42-1129 and the related Arizona Administrative Code rules (A.A.C. R15-10-301 through R15-10-307) for detailed information.*

### How to Make EFT Payments

Employers making EFT payments must register with the department before their EFT payments may be accepted. ***An officer of the employer must complete the initial registration.***

Employers may use AZTaxes.gov to make EFT payments:

- Payments can be made electronically from a checking or savings account. Login to your account on [www.AZTaxes.gov](http://www.AZTaxes.gov) and choose the e-check option. Follow the prompts to complete your registration.

There is no fee to use this method. This payment method will debit the amount from the specified checking or savings account on the date specified. If an electronic payment is made from a checking or savings account, a confirmation number will be generated. Please keep this confirmation number as proof of payment.

- Payments can be made by American Express, Discover, MasterCard, or Visa credit cards. Login to your account on [www.AZTaxes.gov](http://www.AZTaxes.gov) and choose the credit card option. This will take you to the website of the credit card payment service provider. Follow the prompts to make your payment.

The service provider will charge a fee based on the amount of the tax payment. The service provider will disclose the amount of the fee during the transaction and you will be given the option to continue or cancel. If you accept the fee and complete the credit card transaction, a confirmation number will be generated. Please keep this confirmation number as proof of payment.

- EFT payments may also be made by ACH Credit. To register to make ACH Credit payments, go to the department's website, [www.azdor.gov](http://www.azdor.gov). Click on "Forms", then click "Other Forms." Click on Form number 10366, Electronic Funds Transfer (EFT) Disclosure Agreement for ACH Credit filers. Click "Download." Complete the form as instructed. Submit the completed application at least five business days before the first anticipated transaction as it may take that long to process the application.

Fax the completed form to the department at (602) 771-9913. You may also email the completed form to the department at [electronicfundstransfer@azdor.gov](mailto:electronicfundstransfer@azdor.gov). Once the application is processed, the employers will receive additional information to present to its bank to make the ACH Credit payment.

The payment will be electronically transferred into the department's account, normally the next business day. The employers should consult with its bank for the timeframe required to make timely payments. **NOTE:** The employers may be charged a service fee.

**NOTE:** *Employers using a foreign bank account to make EFT payments cannot make EFT payments by ACH Debit. **The department does not accept ACH Debit payments from a foreign bank account.** If the employer wishes to make a payment from a foreign bank account by EFT, the payment **MUST** be made by ACH Credit. See the instructions for ACH Credit above to register and make ACH Credit payments.*

## Specific Instructions

### Part 1 - Taxpayer Information

#### Name, Address, Phone Number and Address Change Box

Type or print the employer's name, address, and phone number in the spaces provided.

If the employer has a foreign address, enter the information in the following order: city, province or state, and country. Follow the country's practice for entering the postal code. **Do not abbreviate the country's name.**

**Employer Identification Number (EIN)**

Enter the employer’s EIN. If the employer does not have an EIN, it must get one from the Internal Revenue Service. All returns, statements, or other documents filed with the department must have the employer’s EIN indicated on them. Employers that fail to include their EIN may be subject to a penalty.

**Quarter and Year**

Enter the quarter and the year for which Form A1-QRT is being filed. For this purpose, the term “quarter” refers to a calendar quarter based on a calendar year. Each quarter is comprised of three months and each quarter contains the months shown in the following chart.

Quarter	Months in Quarter
1st	January through March
2nd	April through June
3rd	July through September
4th	October through December

**Check Boxes:**

**A. Amended Return**

If this is an amended Form A1-QRT, check Box A, “Amended Return” on page 1. Complete Part 5 to explain why you are amending this return.

If you amend a return for a quarter in a prior calendar year, you must also file an amended Form A1-R for that year. Include the state copies of the federal Forms W-2, W-2c, or corrected copies of Forms W-2G and 1099 with the amended Form A1-R.

**NOTE:** An amended Form A1-QRT can only be electronically filed through <https://efile.aztaxes.gov/AZFSETPortal> by a PSC or by an employer filing through a registered transmitter. All other employers required to file an amended Form A1-QRT must file a paper return.

**B. Address Change**

If you changed your address since you last filed Form A1-QRT, enter your current address in Part 1 and check Box B, “Address Change.”

**C. Final Return**

If this is a final return, check Box C, “Final Return (CANCEL ACCOUNT)” to request that the department cancel your withholding account. Enter the date final wages were paid. Complete Part 6 to indicate the reason for the cancellation. Complete the remainder of your return to report your Arizona income tax withholding liability for the period(s) in which your account was closed.

**NOTE:** You must also file a final Form A1-R. Refer to the instructions for Form A1-R for assistance in filing your final Form A1-R.

**D. Surviving Employer**

If you file this return as the surviving employer and the period(s) covered by this return are for less than 3 months, check Box D. Also, enter the Predecessor Employer Name and EIN in the spaces provided.

**Line E - Total Arizona Payroll for the Quarter**

Enter the total gross Arizona payroll for this calendar quarter. Total gross Arizona payroll means the amounts considered wages for federal income tax withholding purposes.

**Line F – Total Number of Employees paid Arizona Wages for this Quarter**

Enter the number of employees whose compensation for this calendar quarter was subject to Arizona withholding.

Include in this number:

- Employees who had Arizona withholding deducted from their compensation during this calendar quarter, and
- Employees whose compensation was for services performed in Arizona but the employee(s) filed an election to not have any Arizona withholding deducted from their compensation.

Do not include in this number:

- Annuity recipients,
- Independent contractors,
- Pension recipients, or,
- Employees whose Arizona compensation is excluded from withholding by Arizona law.

**Part 2 - Tax Liability Schedule**

Complete section A, Quarterly Deposit Schedule, or section B, Monthly or Semi-Weekly Deposit Schedule. **DO NOT complete both.**

Include all withholding amounts from all sources. Arizona law requires all amounts withheld from pensions and annuities, gambling winnings, unemployment compensation, etc., be treated as if the withholding was from wages paid to an employee. File one Form A1-QRT per EIN for the same quarter for all Arizona income tax withheld regardless of the source of the Arizona withholding.

**Section A**

Complete section A if the average amount of your Arizona tax withheld for the prior 4 quarters was greater than \$200, but not more than \$1,500.

**Line A1**

Enter the tax amount withheld for the quarter on line A1. Also, enter this amount in Part 3, line 1. Do not complete Section B. Continue to Part 3. Do not complete Part 4.

**NOTE:** If you are a monthly depositor and incur a next-day deposit requirement during the quarter, you become a semi-weekly depositor for the remainder of the quarter, and for the following calendar year.

**Section B**

Complete section B if the average amount of your Arizona tax withheld for the prior 4 quarters was greater than \$1,500.

Arizona employers whose prior 4 quarter average of Arizona income tax withheld is more than \$1,500 must pay its Arizona income tax withheld to the department at the same time it pays its federal income tax withheld: monthly, semi-weekly, or next day.

If you are a semi-weekly depositor, or you incurred a next-day liability, check the box and complete Part 4 before completing Part 2.

Complete Part 4 only for the months in which you had a semi-weekly deposit or had a next-day deposit requirement.



**Lines B1 through B3**

Enter the tax amount withheld for each month of the quarter. If you are a semi-weekly depositor, or had a next day liability, enter the amount(s) in Part 4, Schedules A, B, and C on lines B1 through B3.

**Line B4**

Total the amounts on lines B1 through B3. Enter the total. This is the total amount withheld for the quarter.

<b>Part 3 - Tax Computation</b>
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**Line 1 - Liability (Arizona Tax Withheld or Amount Required to be Withheld During the Quarter)**

- Quarterly Depositors**

Enter the amount from Part 2, Section A, line A1.

- Monthly and Semi-weekly Depositors**

Enter the amount from Part 2, Section B, line B4.

**Line 2 - Payments Made during the Quarter**

Enter the total amount of payments made for this quarter. If no payments were made prior to filing this return, enter "0".

Do not include any payment that is made with this return (or for this return, if you are making a payment for an amount due for this return).

**Line 3 - Total Amount Due**

Subtract the amount on line 2 from the amount on line 1. Enter the difference.

**If line 3 is a positive number, this is the amount of tax due.** See the section, *Payment of Tax, Penalties, and Interest*, below for details on paying your tax due. If you owe any penalty or interest, the department will calculate these amounts and mail a billing notice after the return is processed. The entire amount of tax must be paid by the due date of Form A1-QRT.

If you are filing an amended return and that return shows a balance due, enclose the amount due with the amended return, unless your payment must be made by EFT. The department will send you a bill for any interest or penalty due once the amended return is processed.

**If line 3 is a negative number (an amount less than zero), this is the overpayment for the quarter.** Use a minus sign to indicate a negative amount. After the return is processed and payments are confirmed, the overpayment will be applied to any outstanding liabilities, possibly in another tax type. If the overpayment exceeds the outstanding liabilities or the employer has no outstanding liabilities, a refund check will be issued and mailed to the employer. A refund will not be issued once the overpayment is applied to a liability.

**Payment of Tax, Penalties, and Interest**

The entire amount of tax, penalties, and interest is due by the original due date of the return.

**If payment is due, and the employer is required to pay by EFT,** see the Section, *How to Make EFT Payments*, for instructions on paying your tax liability by EFT.

**If payment is due, and the employer is not required to pay by EFT,** you may elect to pay by EFT. Or you may pay by check or money order. If paying by check or money order, make the check or money order payable to the Arizona Department of Revenue.

Include the employer's EIN on the front of the check or money order. *Include the check or money order with your return.*

**NOTE:** *If this is an amended Form A1-QRT and you were required to make 2020 withholding payments by EFT, you must also pay any additional withholding tax due from the amended return by EFT.*

<b>Part 4 – Semi-Weekly/Next-Day Deposit Schedule</b>
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If you checked the box in Part 2, Schedule B, complete Part 4 for each month you are required to make withholding deposits on a semi-weekly schedule or you are required to make a federal next day deposit.

Enter the amount of Arizona withholding tax liability on the day (of the month) the liability was incurred. Do not enter the amount of the withholding payment(s). Enter the total withholding liability for the month on the line labeled "Month 1, 2, or 3."

**EXAMPLE:** *Taxpayer R is a semi-weekly depositor. It incurred an Arizona tax withholding liability on the following dates in January 2020: January 3 - \$1,500; January 17 - \$1,750; and January 31 - \$1,600. In Schedule A, R enters \$1,500 on line 3; R enters \$1,750 on line 17; and R enters \$1,600 on line 31. On the line labeled "Month 1 Liability." R enters the total tax liability for January 2020 - \$4,850. R also enters this amount on Part 2, Schedule B, line B1.*

**Taxpayers with Next-Day Obligations:** If you have a next-day obligation, check the box to the right of the day on which you incurred a next-day withholding obligation. If you do not have a next-day obligation, do not check the box.

**EXAMPLE:** *Taxpayer R incurred an Arizona withholding tax liability on the following dates in February 2020: February 14 - \$2,350, and February 28 - \$1,950. In addition, R incurred a federal next-day obligation on February 14. In Schedule B, R enters \$2,350 on line 14, and checks the box on line 14 to indicate it incurred a next-day liability. R enters its February 28 liability on line 28 and does not check the box on line 28 because it did not incur a next-day liability. R enters its liability for February 2020 - \$4,300 on the line labeled "Month 2 Liability". R also enters this amount on Part 2, Schedule B, line B2.*

<b>Part 5 - Amended Return Information</b>
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If this is an amended return, explain why you are amending Form A1-QRT.

<b>Part 6 – Final Form A1-QRT</b>
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**Lines 1 through 6 -**

If you checked the Box C, "Final Return (CANCEL ACCOUNT)", check the box that explains why this is your final return. If the reason is not provided, check "Other" and enter your own explanation.

**Line 7 -**

Check the box and provide name and location of your records if they will be kept at a different location from the address you provided in Part I.

**Line 8 –**

Check the box and provide the name and address of the successor employer, if any.

**Who Must Sign Form A1-QRT**

The following persons are authorized to sign the return for each type of business entity.

- **Sole proprietorship** - The individual who owns the business.
- **Corporation [including a limited liability company (LLC) treated as a corporation]** - The president, vice president, or other principal officer duly authorized to sign.
- **Partnership (including an LLC treated as a partnership) or unincorporated organization** - A responsible and duly authorized member, partner, or officer having knowledge of its affairs.
- **Single member LLC treated as a disregarded entity for federal income tax purposes** - The owner of the LLC or a principal officer duly authorized to sign.
- **Trust or estate** - The fiduciary.

Form A1-QRT may be signed by a duly authorized agent of the taxpayer if a valid power of attorney has been filed.

**Paid Preparer Use Only**

**Paid preparers:** Sign and date the return. Complete the firm name and address lines (the paid preparer's name and address, if self-employed).

Paid preparers must provide a Tax Identification Number (TIN). Paid preparers that fail to include their TIN may be subject to a penalty.

The TIN for a paid preparer may be one of the following:

- The preparer's PTIN,
- The EIN for the business, or,
- The individual preparer's social security number (SSN), if self-employed.