

# SPECIAL CLASSIFICATIONS

To better serve you, the Arizona Department of Revenue now offers online assistance and filing of your business taxes. To file your taxes online or to register to use the website, go to [www.AZTaxes.gov](http://www.AZTaxes.gov).

This publication provides general information about transaction privilege tax (TPT) on businesses operating under the private car and pipeline classifications. For complete details, refer to the Arizona Revised Statutes and the Arizona Administrative Code. In case of inconsistency or omission in this publication, the language of the Arizona Revised Statutes and the Arizona Administrative Code will prevail.

## Who Must Pay

### Pipeline Classification

Anyone in the business of operating pipelines for transporting oil or natural or artificial gas from one point to another in this state is subject to transaction privilege tax. This does not include sales of natural gas or liquefied petroleum gas for motor vehicles.

### Private Car Classification

Anyone in the business of operating, furnishing or leasing railroad cars to be used for transporting persons or freight, *within the state of Arizona*, over railroad lines that they do not own, lease or operate is subject to transaction privilege tax.

## What is the Tax Rate and How Do I Pay

The current combined state and county tax rates can be found in the *Arizona State, County and City Transaction Privilege and Other Tax Rate Tables*. Income from the pipeline activity is reported under business code 007. Income from the private car activity is reported under business code 008. Most Arizona cities participate in the state collection program, and those taxes are reported and paid on the Transaction Privilege, Use and Severance Tax Return (Form TPT-1). Most of the larger cities license and collect privilege tax independently of the state. If you are unsure whether your city collects its own tax or if the state collects for it, check the *Arizona State, County and City Transaction Privilege and Other Tax Rate Tables*.

**NOTE:** For ease of reporting, state and county rates are combined on the state's tax rate tables. City tax is reported separately. See Form TPT-1 instructions for details.

## Factoring Transaction Privilege Tax

When a business "factors" transaction privilege tax, it means the tax is included in the total price rather than shown as a separate charge. If you choose to factor the tax, the tax must be calculated using a factoring formula. There are many different factoring formulas depending on city taxes, county taxes or differences in allowable city tax deductions. See Arizona Transaction Privilege Tax Procedure TPP 00-1 for information about factoring.

## What is Taxable

### Pipeline Classification

The tax base for the pipeline classification is the total income received from the business. The county tax applies to the location where the oil or gas is delivered to the consumer.

### Private Car Classification

The tax base for the private car classification is the total income received from the business. The county tax applies to the location where the cars are operated in the same proportion as the mileage of railroads in each county to the total mileage of railroads in the state over which the cars are operated.

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## FOR ADDITIONAL INFORMATION:

~ Call ~

(602) 255-3381

Toll-free within AZ: 1-800-352-4090

~ Write ~

Arizona Department of Revenue  
Taxpayer Information & Assistance  
PO Box 29086  
Phoenix AZ 85038-9086

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