



Transaction Privilege Tax Changes and News

Effective June 1, 2013.

REVISED NOTICE

STATE TEMPORARY TAX EXPIRES MAY 31, 2013

Effective June 1, 2013: The Temporary Tax passed by voters in 2010 expires on May 31, 2013. The current state rate of 6.6 percent on most transactions decreases to 5.6 percent beginning June 1, 2013. The state rate for Transient Lodging will decrease from 6.5 percent to 5.5 percent.

In addition, tax rate increases for La Paz County take effect at the same time. While most rates in La Paz County will decrease overall, some will increase. The new state/county combined rates are shown on the reverse side of this notice.

When is the effective date for the TPT and Use Tax rate changes? June 1, 2013.

Which tax period are the new tax rates supposed to be reported on? The new tax rates will be reported to the Department of Revenue beginning with the June 2013 TPT-1 due in July 2013. The new state/county combined rates are shown on the reverse side of this notice.

What if my business fails to charge the proper tax rate starting June 1, 2013? The Transaction Privilege Tax is imposed on the vendor, therefore the tax liability beginning June 1, 2013 will be based on the decreased rate.

However, any excess taxes collected from customers must be remitted to the State on the Arizona TPT-1 form.

How will activity be reported for quarterly (or annual) filers? Activity from June 1 through June 30, 2013 will be reported on one row with the decreased rate. Activity from April 1 through May 31, 2013 will be reported on a second row. A similar set up will exist for Annual filers on their December 2013 return.

Which categories are affected by these changes? The Temporary Tax expiration affects the Utilities, Communications, Transporting, Private (Rail) Car, Pipeline, Publication, Job Printing, Restaurants and Bars, Amusement, Personal Property Rental, Contracting-Prime and Owner-Builder, Retail, Transient Lodging, and Use Tax categories. In addition, the La Paz County change affects the Mining-Nonmetal and the Jet Fuel Tax classifications. The new state/county combined rates, by category, are shown on the reverse side of this notice.

Which categories are NOT affected by these changes? Commercial Lease, Severance-Metalliferous Mining, Telecommunications Devices, Municipal Water, Jet Fuel Use Tax and 911 Telecommunications.

For prime contracting contracts entered into prior to June 1, 2013: For cash receipts, the lower rate would apply to receipts received after June 1, 2013, regardless of when the contract was entered into. **For accrual taxpayers, the date the contracting activity required under the contract is performed is the determining date for the rate.**

Will the Business Class codes change? No. You will continue to use the current Business Class codes with some exceptions described below.

For La Paz County Prime Contractors and Owner Builders: Any increase in the rate of tax does not apply to contracts entered into or pursuant to written bids made by Prime Contractors or Owner Builders on or before February 28, 2013. To qualify for the reduced rate, the prime contractor or owner builder must maintain documentation to verify the date of the contract or written bid. Gross income received from Pre-existing Prime Contracts will be reported under Class 124 and from Pre-existing Owner Builder contracts will be reported under Class 125 at a rate of 7.1%.

Will this have an effect on the accounting credit? The accounting credit will continue to be applicable to State Transaction Privilege Tax and will decrease along with the rate decrease. The accounting credit still does not apply to city, county or other taxes and the maximum per year is unchanged.

Is there going to be a new tax form? No. You will continue to use the current Arizona TPT-1 form.

Additional questions may be answered via the Department's website at www.azdor.gov or by calling (602) 255-2060 in the Phoenix area or (800) 843-7196 elsewhere.

The rates below are effective June 1, 2013
Rates that change on June 1, 2013 are shown in Red.

TABLE 1		TAX RATES FOR SALES IN THESE COUNTIES												Accounting Credit Rate (STATE TAX ONLY)
Business Class	TAXABLE ACTIVITIES ^a	Cochise	Coconino	Gila	La Paz	Maricopa	Mohave	Pima	Pinal	Santa Cruz	Yavapai	Yuma	All Other Counties	
002	Mining–Nonmetal	3.437%	3.828%	3.75%	4.375%	3.562%	3.281%	3.437%	3.805%	3.75%	3.593%	3.805%	3.437%	.031%
004	Utilities	6.10%	6.725%	6.60%	7.60%	6.30%	5.85%	6.10%	6.70%	6.60%	6.35%	6.70%	6.10%	.056%
005	Communications	6.10%	6.725%	6.60%	7.60%	6.30%	5.85%	6.10%	6.70%	6.60%	6.35%	6.70%	6.10%	.056%
006	Transporting	6.10%	6.725%	6.60%	7.60%	6.30%	5.85%	6.10%	6.70%	6.60%	6.35%	6.70%	6.10%	.056%
007	Private (Rail) Car	6.10%	6.725%	6.60%	7.60%	6.30%	5.85%	6.10%	6.70%	6.60%	6.35%	6.70%	6.10%	.056%
008	Pipeline	6.10%	6.725%	6.60%	7.60%	6.30%	5.85%	6.10%	6.70%	6.60%	6.35%	6.70%	6.10%	.056%
009	Publication	6.10%	6.725%	6.60%	7.60%	6.30%	5.85%	6.10%	6.70%	6.60%	6.35%	6.70%	6.10%	.056%
010	Job Printing	6.10%	6.725%	6.60%	7.60%	6.30%	5.85%	6.10%	6.70%	6.60%	6.35%	6.70%	6.10%	.056%
011	Restaurants and Bars	6.10%	6.725%	6.60%	7.60%	6.30%	5.85%	6.10%	6.70%	6.60%	6.35%	6.70%	6.10%	.056%
012	Amusement	6.10%	6.725%	6.60%	7.60%	6.30%	5.85%	6.10%	6.70%	6.60%	6.35%	6.70%	6.10%	.056%
013	Commercial Lease	0	0	.5%	0	.5%	0	.5%	.5%	0	0	0	0	0
014	Personal Property Rental	6.10%	6.725%	6.60%	7.60%	6.30%	5.85%	6.10%	6.70%	6.60%	6.35%	6.70%	6.10%	.056%
015	Contracting–Prime	6.10%	6.725%	6.60%	7.60%	6.30%	5.85%	6.10%	6.70%	6.60%	6.35%	6.70%	6.10%	.056%
017	Retail	6.10%	6.725%	6.60%	7.60%	6.30%	5.85%	6.10%	6.70%	6.60%	6.35%	6.70%	6.10%	.056%
019	Severance–Metalliferous Mining	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	.025%
023	Recreational Vehicle Surcharge ^f	0	0	0	0	0	0	50¢	0	0	0	0	0	N/A
025	Transient Lodging ^b	6.05%	6.737%	6.60%	7.7%	7.27%	5.78%	6.05%	6.698%	6.60%	6.325%	6.698%	6.05%	.055%
026	Use Tax–Utilities	6.10%	5.725%	5.60%	6.10%	5.60%	5.60%	6.10%	6.10%	5.60%	5.60%	6.60%	5.60%	N/A
029	Use Tax Purchases	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	N/A
030	Use Tax From Inventory	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	N/A
033	Telecommunications Devices	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	N/A
037	Contracting–Owner Builder	6.10%	6.725%	6.60%	7.60%	6.30%	5.85%	6.10%	6.70%	6.60%	6.35%	6.70%	6.10%	.056%
041	Municipal Water ^c	.65¢	.65¢	.65¢	.65¢	.65¢	.65¢	.65¢	.65¢	.65¢	.65¢	.65¢	.65¢	N/A
049	Jet Fuel Tax ^d	3.355¢	3.66¢	3.66¢	4.27¢	3.355¢	3.202¢	3.355¢	3.66¢	3.66¢	3.507¢	3.660¢	3.355¢	N/A
051	Jet Fuel Use Tax ^d	3.05¢	3.05¢	3.05¢	3.05¢	3.05¢	3.05¢	3.05¢	3.05¢	3.05¢	3.05¢	3.05¢	3.05¢	N/A
053/055	Rental Car Surcharge ^{e, h}	0	0	0	0	\$2.50	0	\$3.50	0	0	0	0	0	N/A
056	Jet Fuel Tax > 10 million gallons ^d	0	0	.305¢	0	.305¢	0	.305¢	.305¢	0	0	0	0	N/A
129	Use Tax Direct Payments ⁱ	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	N/A
153	Rental Car Surcharge–Stadium ^h	0	0	0	0	3.25%	0	0	0	0	0	0	0	N/A
911	911 Telecommunications ^g	20¢	20¢	20¢	20¢	20¢	20¢	20¢	20¢	20¢	20¢	20¢	20¢	N/A

- a) Reduced rates may apply to preexisting contracts without pass through clauses. For information, see the Department’s web site at www.azdor.gov.
- b) Unincorporated areas of Pima County add 6%. (Report using region code PH and class code 000.)
- c) Rate is cents per 1,000 gallons of water. The tax on 100,000 gallons is thus 65 cents.
- d) Rate is cents per gallon.
- e) Class 053 is for Maricopa filers. Class 055 is for Pima filers.
- f) Rate is 50¢ per day on each lease or rental of a parking space for recreational vehicles. (Pima County only)
- g) Monthly rate per activated service.
- h) The Maricopa County rental Car Surcharge is the greater of \$2.50 or 3.25% of the gross income of each contract. Report \$2.50 per contract in Class 053. Report the remainder in Class 153.
- i) For use by direct pay permit holders only.