



Department of Revenue takes another step forward to increase electronic transactions Lower TPT liability thresholds means more business taxpayers making electronic payments

Effective July 1, 2017, the Arizona Department of Revenue (ADOR) lowered the mandatory electronic funds transfer (EFT) threshold for businesses with an annual transaction privilege tax (TPT) liability of \$20,000 or more during the prior calendar year, down from the current \$1 million. Additionally, ADOR is dropping Withholding tax liability to \$20,000 from \$80,000 during the prior tax year.

The revised thresholds are part of the Department of Revenue's drive to provide enhanced customer service through innovation and continuous improvement so that the Agency is in a position to deliver better, faster, more cost effective government for Arizonans. Increasing electronic payments frees up additional ADOR resources to process tax returns and payments of all types much faster, further strengthens tax fraud prevention measures and enhances the taxpayer experience.

The provision authorizing ADOR to require, by administrative rule, payment of TPT and withholding taxes by EFT has been in statute for more than two decades. ADOR has exercised its rule-making authority on two other occasions since the passage of the statute to lower the thresholds, including the corporate income tax to \$20,000 from \$50,000 in 1997.

The current lowering of the threshold is in furtherance of the goal to increase e-filing and e-paying. Business taxpayers must be registered to use www.AZTaxes.gov and use Automated Clearance House (ACH) Debit as a payment method to comply with EFT payment requirements.

Taxpayers required to make payments by EFT are reminded they will be subject to a penalty of 5 percent for making a payment by any other method starting July 1, 2017 and reported in August.

If taxpayers have any questions about the revised EFT threshold should contact the Department of Revenue at www.azdor.gov.

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