



Transaction Privilege Tax Changes and News

This publication is an informational notice for October 2017.

Customer Care: (602) 255-3381 or toll-free from area codes 520 or 928: (800) 352-4090

www.azdor.gov or www.AZTaxes.gov

NEWS

STATE TPT LICENSE RENEWAL

REMEMBER to renew your TPT State License with the Arizona Department of Revenue!

The department will process all TPT license renewals for all jurisdictions this fall. Businesses will receive one renewal notice per license from the department regardless of where the business is located.

Businesses with more than one location must renew online at AZTaxes.gov. The due date to renew your TPT license is January 1, 2018. Renewal notices are scheduled to be mailed mid-November.

QUARTERLY FILER TPT RETURN DUE

If you are a quarterly TPT filer, your July to September activity is due on your 3rd quarter return, filed in October. Remember, you must file a return for each tax period even if no tax is due and/or no sales were made. We strongly encourage taxpayers to file and pay online via AZTaxes.gov for faster processing and fewer errors.

RESIDENTIAL RENTAL INFORMATION

Every residential rental property owner is required to obtain an Arizona transaction privilege tax (TPT) license from the Arizona Department of Revenue (ADOR) for each location where residential rental income is taxable.

ADOR has established a [dedicated webpage](#) to assist property management companies (PMCs) and property owners. The new web content provides PMCs and residential rental property owners with resources on the licensing requirements, a step-by-step guide on TPT licensing, and other information regarding residential rental transaction privilege tax (TPT).

Also starting with the January 2018 reporting period, PMCs will no longer be permitted to report and remit TPT using their own TPT license on behalf of client property owners. All taxes must be filed and remitted using the individual property owner's TPT licenses. In order to participate in the new E-Solution, PMCs will need to complete the Property Management License Application.

Residential rental rates can be found in the Arizona State, County and City Transaction Privilege and Other Tax Rate Tables (Table 2) under business code 045. Rates vary by city.

LOWERED TPT LIABILITY THRESHOLDS

In July 2017, ADOR lowered the mandatory electronic funds transfer (EFT) threshold for businesses. Over a multi-year phase-in period, businesses will be required to file and pay TPT electronically. Also under HB2280, annual electronic filing of annual corporate income tax, fiduciary, and partnership returns will begin in tax year 2020.

Who is required to make payment by EFT?

1. **Withholding** taxpayers with average Arizona quarterly withholding liability during the prior tax year of five thousand dollars or more.
2. **Corporate** taxpayers with corporate income tax liability of twenty thousand dollars or more during the prior tax year.
3. **Transaction Privilege or Use** taxpayers with an annual liability of twenty thousand dollars or more during the prior calendar year

Taxpayers required to make payments by EFT are reminded they will be subject to a penalty of 5% for making a payment by any other method.



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TAX TIPS

- Remember to file your TPT Return for September activity.
- If your business is adding a location to an existing license, file a Business Account Update online, not a new Joint Tax Application.
- Even if your business didn't make any taxable sales or purchases for the Use Tax component, you still need to file your TPT return. The TPT-EZ has a convenient "CHECK HERE AND SIGN BELOW IF YOU HAVE NO GROSS RECEIPTS TO REPORT" check box available.
- The owner of a business should be the primary user on AZTaxes, not a CPA. This person has the authority to assign others access.
- Update your business' account information now for an easier 2018 Transaction Privilege Tax license renewal.

TAX CHANGES

CITY OF APACHE JUNCTION

On September 19, 2017, the Council of the City of Apache Junction passed Ordinance No. 1449. Ordinance No. 1449 amends the City of Apache Junction Tax Code Section 320 by reducing the transaction privilege and use tax license fee from **fifty dollars (\$50)** to **two dollars (\$2)**.

Effective December 1, 2017, the license fee will decrease from fifty dollars (\$50) to two dollars (\$2) for all business classes with the **EXCEPTION OF COMMERCIAL RENTAL, LEASING, & LICENSING FOR USE**. The license fee for Commercial Rental, Leasing, & Licensing for Use will remain at \$50.

TOWN OF PINETOP-LAKESIDE

On September 21, 2017, the Mayor and Council of the Town of Pinetop-Lakeside passed Ordinance No. 17-407. Ordinance No. 17-407 amended the Town Tax Code by permanently increasing the Town Transaction Privilege Tax; increasing the rate of taxation from **two and fifty-hundredths percent (2.5%)** to a rate of **three percent (3%)**.

Effective December 1, 2017, the tax rate for the following business classifications will increase from **two and fifty-hundredths percent (2.5%)** to a rate of **three percent (3%)**:

This change affects the following business classifications:

Advertising (business code **PP 018**), Amusement (**PP 012**), Contracting – Prime (**PP 015**), Contracting – Speculative Builders (**PP 016**), Contracting – Owner Builders (**PP 037**), Job Printing (**PP 010**), Manufactured Buildings (**PP 027**), Timbering and Other Extraction (**PP 020**), Publication (**PP 009**), Hotels (**PP 044**), Residential Rental, Leasing & Licensing for Use (**PP 045**), Commercial Rental, Leasing, & Licensing for Use (**PP 213**), Rental, Leasing, & Licensing for Use of Tangible Personal Property (**PP 214**), Restaurant and Bars (**PP 011**), Retail Sales (**PP 017**), MRRR Amount (**PP 315**), Communications (**PP 005**), Transporting (**PP 006**), Utilities (**PP 004**)