



# Transaction Privilege Tax Changes & News

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This publication is an informational notice for February 2019

## NEWS

### Spring Training TPT Reminder

Spring Training is a popular time of year and is right around the corner; remember to license your business before making any sales.

If your business only operates in Arizona seasonally (eight months or less) check "Seasonal" when applying for a transaction privilege tax (TPT) license and the months which you intend to do business. If your business is seasonal, a return is due for every month indicated. A business must file a TPT return even if there are no gross receipts for the tax period.

Additionally, if you are renting out your property short or long term, find guidelines and more information:

- [Residential Rental](#) (30 or more consecutive days)
- [Transient Lodging](#) (less than 30 days)
- [Online Lodging Marketplace](#) (digital platform business that rent properties for homeowners, hotels, and others)

### New TPT Filing and Paying Requirements Go Into Effect

Businesses filing and paying electronically is a requirement under certain circumstances. The following criteria determines which Arizona taxpayers must remit their taxes electronically:

- Withholding Tax - Any taxpayer with \$2,500 average quarterly liability for withholding tax during the prior tax year.
- Corporate Estimated Tax - Any corporation with \$10,000 prior tax year liability.
- Transaction Privilege Tax - Any taxpayer with \$10,000 prior tax year liability.

E-filing and paying online is faster and more secure for taxpayers, strengthens tax fraud prevention measures and enhances the taxpayer experience. It also saves money for taxpayers because e-filing makes them eligible to receive up to a \$2,000 annual reduction of tax due from the enhanced accounting credit. Taxpayers filing TPT electronically during a calendar year are able to claim an increased accounting credit from 1% to 1.2%. This increases the total calendar year credit limit from \$10,000 to \$12,000.

To file and pay online, a business must be registered on [AZTaxes.gov](http://AZTaxes.gov) and utilize ACH debit, e-check or credit card as a payment method to comply with electronic funds transfer (EFT) payment requirements.

Please visit [azdor.gov/e-services/e-services-businesses-arizona](http://azdor.gov/e-services/e-services-businesses-arizona) for more information.

### 2019 TPT License Renewals

If your business has not renewed your TPT license for 2019, ADOR will be sending you a renewal billing letter. Businesses will receive one renewal notice per license from ADOR, regardless of where the business is located. This renewal letter indicates if the business has overdue renewal fees. After renewal fees have been paid, the department will mail the new State TPT License.

If you are no longer in business, please [cancel](#) your existing TPT license through [AZTaxes.gov](http://AZTaxes.gov) or by submitting a Business Account Update form with a cancel effective date. This will ensure your account history remains in good standing.

For assistance on completing a license renewal through [AZTaxes](http://AZTaxes.gov), please review [Renewing a TPT License](#) and [tutorial](#).

## TPT Filing Frequency

Your transaction privilege tax (TPT) filing frequency is determined by the amount of your total estimated annual combined Arizona, county and municipal TPT liability.

- Annual - Less than \$2,000 estimated annual combined Arizona, county and municipal tax liability
- Quarterly - \$2,000 - \$8,000 estimated annual combined Arizona, county and municipal tax liability
- Monthly - More than \$8,000 estimated annual combined Arizona, county and municipal tax liability
- Seasonal - 8 months or less

If you would like to change your filing frequency, please download and complete the Business Account Update form and send to ADOR.

Your request to change your filing frequency will be completed in the next available filing period. If you wish to change from monthly to quarterly, this change will occur for the next quarter. If you wish to change to an annual frequency, this will occur in the year after your request. Please continue to file accordingly.

For example, if you complete your Business Account Update form in February 2019 and wish to change from monthly to:

- a) Quarterly - this change will occur for the April – June filing period.
- b) Annual - this change will occur for the 2020 filing period.

NOTE: Currently, this function cannot be completed online.

## TAX CHANGES

### *City of Bisbee*

On Dec. 16, 2014, the Mayor and the Council of the City of Bisbee approved Ordinance O-14-09 to increase the transaction privilege tax (TPT) for Hotel/Motel (Additional Tax) (Business Code: 144) **from 2.5% to 3.5%**. The rate increase was to remain for 4 years to provide funds for promoting the City of Bisbee as an overnight visitor destination and was effective on March 1, 2015. At the request of the City of Bisbee, the rate increase will sunset on Feb. 28, 2019.

**Effective March 1, 2019**, rate that will change per Ordinance 5478 is: Hotel/Motel (Additional Tax) (**BB 144**) will revert back to two and one half percent (**2.5%**).

### *City of Mesa*

On Nov. 6, 2018, a majority of voters in the City of Mesa approved Question 2 to increase the transaction privilege tax to **2%**. The rate increases detailed in Ordinance 5478 will provide funds solely for Mesa Police, Mesa Fire and Medical Services, personnel, equipment, training and related costs.

**Effective March 1, 2019**, rates that will change per Ordinance 5478 are as follows:

Advertising (**ME 018**); Amusement (**ME 012**); Contracting-Prime (**ME 015**); Contracting-Speculative Builder (**ME 016**); Contracting - Owner Builder (**ME 037**); Job Printing (**ME 010**); Manufactured Buildings (**ME 027**); Timbering and Other Extraction (**ME 020**); Publication (**ME 009**); Hotels (**ME 044**); Residential Rental, Leasing & Licensing for Use (**ME 045**); Commercial Rental, Leasing & Licensing for Use (**ME 213**); Rental, Leasing & Licensing for Use of Tangible Property (**ME 214**); Restaurant and Bars (**ME 011**); Retail Sales (**ME 017**); MRRRA Amount (**ME 315**); Communications (**ME 005**); Transporting (**ME 006**); Utilities (**ME 004**); Wastewater Removal Services (**ME 485**); Use Tax Purchases (**ME 029**); Use Tax From Inventory (**ME 030**); Online Lodging Marketplace (**ME 325**).

## TAX TIPS

- Remember to file your TPT return for January activity.
- Renew your 2019 Transaction Privilege Tax License today to avoid penalties.
- Due to periods of high call volumes during this time of year, please consider contacting the department on Thursday's and Friday's and if possible, before 12 noon or after 2 p.m.
- A useful tool for TPT filers is the [tax rate look up tool](#) which helps to find the transaction privilege tax rates for any location within the state of Arizona.
- Even if your business didn't make any taxable sales or purchases, you still need to file your TPT return.