



Transaction Privilege Tax Changes & News

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NEWS

Spring Cleaning TPT Reminder

Six steps to consider in cleaning up your accounts

Looking ahead to spring, many go about the rituals of spring cleaning by opening windows and doors to let the winter dust and dirt out. As a part of the spring cleaning process, here are six taxpayer reminder areas to consider for spring cleaning transaction privilege tax (TPT) accounts:

1. Mailing Address: Change mailing address on your transaction privilege and use tax licenses, as well as your corporate and withholding accounts.
2. Locations: Add and/or close locations for TPT licenses.
3. Existing TPT Licenses: Cancel or close an existing TPT license or single location on a TPT license.
4. Closing Account: Close an account for withholding or TPT license.
5. DBA Changes: Make changes to "Doing Business As" (DBA) name or the business mailing.
6. New Additions: Add new reporting jurisdiction's, new business codes, or business or rental locations.

To make these changes, business taxpayers log into their AZTaxes account, click on "View" in the "Actions" column on the "Business List" page and click on "Account Update."

Among your "housekeeping" responsibilities during this spring cleaning season, consider these updates as a worthwhile investment of your time and effort to organize, increase productivity and get a sense of accomplishment that your accounts are up to date. There is no time like the present, why not get started today?

The Next Stage in TPT Electronic Filing and Paying

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.

Is there a penalty for not filing and paying electronically?

- Taxpayers required to file an electronic return will be subject to a penalty of 5% of the tax amount due for filing a paper return. The minimum penalty is \$25, including filings with zero liability.
- Taxpayers required to pay electronically will be subject to a penalty of 5% of the amount of payment made by check or cash.

There is also an update to the penalty for late filing. Under recent legislation, all late filing penalties will be a minimum of \$25, including filings with zero liability.

To file and pay online, a business must be registered on [AZTaxes.gov](https://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 <https://azdor.gov/e-services/e-services-businesses-arizona> for more information.

Special Events and TPT

Arizona is well known for its year-round events, including farmer's markets, festivals, fairs, craft shows and rodeos. All individuals and businesses making sales, including selling crafts, are required by the Arizona Department of Revenue to be licensed and responsible for TPT. This is required even if selling only one time per year at special events. The Arizona Department of Revenue (ADOR) is reminding those who host these events and the sellers on site with their products to consider potential tax compliance requirements for these events.

Please visit www.AZTaxes.com to apply for a TPT license online.

RENEWALS

The Arizona Department of Revenue (ADOR) and the cities and towns continue to work together to achieve the goal of simplifying the manner in which taxpayers file and pay TPT through the centralization of licensing and renewing for all cities.

ADOR reminds TPT companies that renewals were due Jan. 1, 2018 and prompt remittance can save both time and money. ADOR will be sending out billings to businesses that owe a renewal fee and have not renewed. The penalty is 50% of the city renewal fee. Operating without proper licensing is a class 3 misdemeanor, depending on business activity.

Taxpayers no longer in business can cancel their existing TPT license through AZTaxes.gov or by submitting a Business Account Update form with a cancel effective date. This will ensure account history remains in good standing. For more information, visit <https://azdor.gov/transaction-privilege-tax/tpt-license/renewing-tpt-license>.

TAX CHANGES

City of Flagstaff

On November 6, 2018, a majority of voters in the City of Flagstaff approved Proposition 420 to increase the transaction privilege tax (TPT) to **2.281%**. The rate increases referenced in Ordinance No. 2019-01 and detailed in Resolution No. 2019-01 will provide 0.23% solely for a Lone Tree Railroad Overpass from Butler Avenue to Route 66 for a twenty (20) year period.

Effective July 1, 2019, rates that will change per Ordinance No. 2019-01 are as follows:

Advertising (**FS 018**); Amusement (**FS 012**); Contracting-Prime (**FS 015**); Contracting-Speculative Builder (**FS 016**); Contracting - Owner Builder (**FS 037**); Feed at Wholesale (**FS 116**); Job Printing (**FS 010**); Manufactured Buildings (**FS 027**); Timbering and Other Extraction (**FS 020**); Publication (**FS 009**); Hotels (**FS 044**); Commercial Rental, Leasing & Licensing for Use (**FS 213**); Rental, Leasing & Licensing for Use of Tangible Property (**FS 214**); Restaurant and Bars (**FS 011**); Retail Sales (**FS 017**); MRRRA Amount (**FS 315**); Communications (**FS 005**); Transporting (**FS 006**); Utilities (**FS 004**);

TAX TIPS

- Remember to file your TPT return for February activity.
- For faster processing, **do not staple** your return or any documents, payments or forms to your return.
- Businesses with an annual TPT and use tax liability of \$10,000 or more during the prior calendar year are required to file and pay electronically.
- 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 TPT 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.