



Arizona Department of Revenue

TPT Newsletter

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August 2024

Transaction Privilege Tax Changes and News

NEW TRANSACTION PRIVILEGE TAX EMAIL NOTIFICATIONS

The Arizona Department of Revenue (ADOR) has implemented a new messaging feature from AZTaxes.gov to help customers become more compliant and successful in the long run. The automated email reminds transaction privilege tax (TPT) customers who have fallen behind on their tax obligations to file a return, pay a balance due, or renew their TPT license. Emailed messages are sent to the email address associated with the AZTaxes.gov registration information.

Below are the circumstances a TPT customer may receive an email:

- A missed filing event such as a monthly, quarterly, or annual transaction privilege tax return.
- An unpaid balance with the Arizona Department of Revenue.
- Annual Renewal Reminder 1 - It's time to renew and the renewal link is available in AZTaxes.
- Annual Renewal Reminder 2 - An upcoming license renewal deadline is approaching.
- Annual Renewal Reminder 3 - A TPT license has been automatically renewed.

In some instances, the email alerts TPT customers to log into AZTaxes to review a communication posted in the Message Center. However, email messages from ADOR will never ask for confidential information (social security number, employee identification number, bank account information, etc.) or login credentials. Once the TPT customer logs into their account and accesses the message center, they will see a more detailed notification stating there is an unpaid balance on their account or that they missed a required filing event.

RESIDENTIAL RENTAL TAX CHANGES

ADOR is informing property management companies and residential rental property owners of upcoming changes to Arizona tax law for residential rental properties. Starting January 1, 2025, residential rental property owners should no longer collect and remit any city transaction privilege tax (TPT) on the income derived from long term lodging stays of 30 days or more to ADOR. ([Laws 2023, Chapter 204](#) and [A.R.S. § 42-6004 \(H\)](#))

Residential rental - business code 045 - is the rental of real property for a period of 30 or more consecutive days for residential purposes only and not commercial.

Currently, there is no state or county tax imposed on residential rentals, and the upcoming change to the tax law will eliminate the city tax. While there will no longer be a city TPT obligation beginning January 1, 2025, this does not affect the obligations to register the property with the county assessor to comply with landlord tenant laws or other compliance requirements from government entities.

Please note hotel, motel, or other transient lodging businesses which book stays for fewer than 30 days must still collect and remit TPT under the transient lodging or hotel classification.

For more information on this change and frequency asked questions, please visit azdor.gov/business/residential-rental.



(602) 255-3381 or toll-free at (800) 352-4090



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APPLY | FILE | PAY



MARIJUANA BUSINESSES

Adult use marijuana establishments must remit TPT and Marijuana Excise Tax (MET) to ADOR. Establishments who sell marijuana are responsible for paying TPT on all marijuana products sold, as well as TPT and MET on adult use marijuana products sold immediately upon being licensed by the Arizona Department of Health Services.

ADOR wants to provide best practices and tips to comply properly.

- For quick payments, businesses can pay a TPT liability on [AZTaxes.gov](https://www.aztaxes.gov) under the “Make a Payment” link. For MET, businesses must login to their account to make a payment.
- File and pay the Marijuana Excise Tax using the MET-1, not as excess (additional) tax on the TPT return.
- To protect the safety for all parties involved and to expedite the process, all payments, both TPT and MET, should be paid online via [AZTaxes.gov](https://www.aztaxes.gov).
- When filing an electronic MET-1, be sure that all inventories reported for the various product types are reported using the same unit of measurement (i.e. grams, ounces, pounds). “Each” is not an acceptable unit of measure as “each” item contains a varying amount of THC.
- File and pay for the proper filing period and amend if a correction needs to be made.
- Businesses must file and pay beginning with the start date of their business. If delinquent returns exist, file as soon as possible to avoid further penalties.

If you have questions about filing or paying, contact DispensaryService@azdor.gov.

DUE DATE REMINDERS

TPT Filing Frequency and Due Dates*- *Monthly*

TPT filers are reminded of the following **July** TPT filing deadlines:

- **August 20** - TPT return due date
- **August 29** - Paper returns must be received by ADOR by 5:00 p.m. on this date
- **August 30** - Electronic returns must be received by ADOR by 5:00 p.m. on this date

*The electronic due date for TPT return is dependent on the return and payment being timely and filed electronically. **It is highly encouraged to pay three business days prior to the last business day of the month (August 27) to ensure your payment is accepted and processed into ADOR systems.**

TAX CHANGES

City of Page - Effective date of September 1, 2024

On June 12, 2024, the Mayor and Council of the City of Page passed ordinance 731-24, amending the tax code by increasing the rate of taxation on Hotels to five percent (5.0%) and the rate on Hotels (Additional Tax) to five percent (5.0%) providing for severability.

The (5.0%) affects the following business classifications:
Hotels (**044**); Hotels (Additional Tax) (**144**)



Town of Queen Creek - Effective date of October 1, 2024

On June 5, 2024, the Town of Queen Creek passed ordinance 839-24 thereby repealing the additional one quarter percent (.25%) taxation rate over the rate of taxation on designated sales activities inside the town center as adopted in ordinance 402-07; amending the town tax code and town code as necessary.

The (2.25%) affects the following business classifications:

Amusement **(012)**; Job Printing **(010)**; Publication **(009)**; Hotels **(044)**; Restaurant and Bars **(011)**; Retail Sales **(017)**; Retail Sales Food for Consumption **(062)**; MRRA Amount **(315)**; Communications **(005)**; Transporting **(006)**; Utilities **(004)**.

Medical and Adult Use Marijuana:

Medical Marijuana Retail Sales **(203)**; Adult Use Marijuana Retail Sales **(420)**; Retail Sales (Accessories and Ancillary Products) **(017)**; Medical Marijuana Restaurant **(221)**; Adult Use Marijuana Restaurant **(421)**.

Remote Seller and Marketplace Facilitators:

Retail Sales **(605)**; Retail Sales Food for Home Consumption **(606)**; Marketplace Facilitators in Arizona Retail Sales **(017)**; Marketplace Facilitators in Arizona Retail Sales Food for Home Consumption **(062)**; Marketplace Facilitators in AZ Third Party Sales **(605)**; Marketplace Facilitators in AZ Third Party Sales Food for Home Consumption **(606)**.

City of Surprise - Effective dates of October 1, 2024 and January 1, 2025

On June 4, 2024, the City of Surprise passed ordinance 2024-09 increasing the tax rate from two and two-tenths percent (2.2%) to two and eight-tenths percent (2.8%) on specified classifications effective October 1, 2024, and decreasing the tax rate to zero on rental occupancy tax and residential rentals effective January 1, 2025. There is a provision for pre-existing contract rates.

The (2.8%) affects the following business classifications:

Advertising **(018)**; Amusements **(012)**; Feed for Wholesale **(116)**; Job Printing **(010)**; Manufactured Buildings **(027)**; Timbering and Other Extraction **(020)**; Publication **(009)**; Hotels **(044)**; Commercial Rental, Leasing, and Licensing for Use **(213)**; Rental Leasing and Licensing for Use of TPP **(214)**; Retail Sales **(017)**; MRRA **(315)**; Communications **(005)**; Transporting **(006)**; Utilities **(004)**; Use Tax Purchases **(029)**; Use Tax from Inventory **(030)**.

Medical and Adult Use Marijuana:

Medical Marijuana Retail Sales **(203)**; Adult Use Marijuana Retail Sales **(420)**; Retail Sales (Accessories/Ancillary Products) **(017)**.

Remote Seller and Marketplace Facilitator:

Retail Sales **(605)**; Marketplace Facilitators in Arizona Retail Sales **(017)**; Marketplace Facilitators in AZ Third Party Sales **(605)**.

The (0.0%) affects the following business classifications:

Residential Rental, Leasing, and Licensing for Use **(045)**; Rental Occupancy **(040)**.

TPT ACCOUNT UPDATES

The Arizona Department of Revenue (ADOR) encourages transaction privilege tax (TPT) taxpayers to ensure their account information is up to date. [AZTaxes.gov](https://www.aztaxes.gov) enables registered businesses to update their accounts, but they must





have an e-signature PIN to make changes.

On [AZTaxes.gov](https://www.aztaxes.gov), taxpayers can do the following:

- Change their mailing address on corporate, withholding, and transaction privilege and use tax licenses.
- Add, edit, and/or close locations for TPT licenses.
- Cancel or close an existing TPT license or single location on a TPT license.
- Close an account for withholding or TPT licenses.
- Make changes to "Doing Business As" (DBA) name or the business mailing address.
- Add a new reporting jurisdiction, business code, or business or rental location.

To update the primary user, taxpayers can also download and submit a [Business Account Update Form](#) to ADOR.

ACCOUNT/PERIOD SELECTION FOR ELECTRONIC RETURNS

When filing an electronic TPT return, you will notice three choices listed under Month for selection. **Only** check the boxes that pertain to the return you are filing.

If filing a routine return, skip selection and choose Continue.

Amended Return - Only check if this return is to correct the figures from a previously filed return. Remember, include all correct lines and any lines that were present on the original return that do not require changes. This will replace the original return.

No Gross Receipts - Only check if you are filing a return with zero sales income or no gross receipts to report. Do not check this box if there is tax due and no payment is submitted with this return.

Close Your Account/Final Return - Only check if this is your last and final return and you would like to cancel your TPT license. Remember, you must cancel your license if you are closing or you may face penalties and renewal fees.

TPT TAX TIPS

- When filing on [AZTaxes.gov](https://www.aztaxes.gov), you receive a confirmation number and acknowledgement that ADOR received your return and payment.
- Avoid the hassle of mailing your return and payment by filing online. Reduces paper, postage, and time.
- Only use black ink on white paper to file a return. Permanent marker is too thick to read and interpret your handwriting.
- Only send one return per envelope.
- If you have more than one location, you are required to file electronically. Businesses with an annual TPT and use tax liability of \$500 or more during the prior calendar year are required to file and pay electronically. Failure to comply with the electronic filing and payment requirements may result in penalties.
- Even if you had no sales and/or tax due for the filing period, you must still file a \$0 TPT return by checking the "No Gross Receipts" box.

EDUCATION, TUTORIALS AND TRAINING

All ADOR workshops are free of charge. Below are upcoming options available to taxpayers. To register or access online workshops, tutorials and resources, visit [azdor.gov/taxpayer-education](https://www.azdor.gov/taxpayer-education).

WORKSHOPS

ADOR Business Tax - (Via WebEx)

Wednesday, August 21, 2024

1:00 p.m. - 4:00 p.m.



(602) 255-3381 or toll-free at (800) 352-4090



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Arizona Department of Revenue **TPT Newsletter**

Wednesday, September 4, 2024
9:00 a.m. - noon

Common TPT Errors and How to Avoid Them - (Via WebEx)

Thursday, August 22, 2024
1:00 p.m. - 2:00 p.m.

Thursday, September 5, 2024
10:00 a.m. - 11:00 a.m.

ADOR AZTaxes - (Via WebEx)

Tuesday, August 27, 2024
1:00 p.m. - 4:00 p.m.

ADOR Marijuana Taxation - (Via WebEx)

Thursday, August 29, 2024
9:00 a.m. - noon

Property Management Company - (Via WebEx)

These workshops are offered as a series and it is recommended to take them in order. Space in each class is limited so visit the [Taxpayer Education web page](#) to sign up today.

Workshop 1: Licensing and Power of Attorney
Monday, September 9, 2024
1:00 p.m. - 2:30 p.m.

Workshop 2: Engaging, Disengaging, and More
Tuesday, September 10, 2024
1:00 p.m. - 2:30 p.m.

Workshop 3: File, Pay, Amend, and More
Wednesday, September 11, 2024
1:00 p.m. - 2:30 p.m.

ON-DEMAND TAX EDUCATION TUTORIALS: Please visit <https://azdor.gov/taxpayer-education/tpt-tutorials>.

