



# Arizona Department of Revenue TPT Newsletter

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January 2025

## Transaction Privilege Tax Changes and News

### 2025 TRANSACTION PRIVILEGE TAX LICENSE RENEWALS

A transaction privilege tax license (TPT) is used for collecting and remitting state, county, and city taxes. Businesses licensed with the Arizona Department of Revenue (ADOR) were required to renew their TPT license by January 1, 2025. Penalties and/or late fees will apply to renewals received after January 31, 2025.

If a business does not pay the renewal fee timely, they will receive a bill from ADOR for the unpaid renewal fees plus renewal penalties (The penalty is 50% of the city renewal fee). Additionally, if fees are not paid when renewing, the license will only be mailed to the business once the fees are paid.

Remote sellers and marketplace facilitators without a physical presence in Arizona must renew their TPT licenses if they had more than \$100,000 in gross sales to Arizona customers in the 2024 calendar year. If a remote seller or marketplace facilitator did not reach the applicable threshold in the 2024 calendar year, they may cancel their license. If the threshold is met again in the current 2024 calendar year, remote sellers and marketplace facilitators must register for a TPT license.

Ensure the mailing address on file with ADOR is accurate, as licenses are mailed to the mailing address, not the location address. Go to [AZTaxes.gov](https://www.aztaxes.gov) to update business account information. Please allow up to four hours for the update to be completed and applied to the account. The account information must be up-to-date before the license is renewed.

For more common questions, see the FAQ portion of the [Renewing a TPT License page](#).

### RESIDENTIAL RENTAL TAX CHANGES

The elimination of transaction privilege tax (TPT) applicable to the rental of real estate for residential purposes (residential rental) is effective as of January 1, 2025. An amendment to [A.R.S. § 42-6004 \(H\)](#) exempts residential rental TPT from being levied. Residential rental TPT is reported and collected under business code 045 for long-term lodging stays of 30 days or more.

#### Next Steps for Property Owners

Owners should continue to collect, file, and pay residential rental TPT for periods through December 31, 2024, filed in January 2025. For periods beginning January 1, 2025 and thereafter, individuals should discontinue collecting residential rental TPT.

TPT licenses that only have *residential rental* (business code 045) on their account were automatically canceled effective December 31, 2024. However, property owners are still able to file for periods prior to January 1, 2025. The TPT license (residential rental only) will not be renewed for the 2025 calendar year. If the business has other business activity on the same license, instead the residential rental location will be closed. **No further action** or steps need to be taken to cancel the license or close the location.

Be aware that cancellation of your license will not exempt you from any liabilities related to periods before January 1, 2025. If liabilities are unpaid, enforcement actions may be taken against you. For businesses that



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cannot afford to pay their tax liability in full, ADOR offers options to help make payments through Collections.

For more information on this change and frequently asked questions, please visit [azdor.gov/business/residential-rental](http://azdor.gov/business/residential-rental)

## ADOR EMAIL TRANSACTION PRIVILEGE TAX NOTIFICATIONS

The Arizona Department of Revenue (ADOR) sends automated emails through 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 with the renewal link 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 in to 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 in to 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.

## DUE DATE REMINDERS

### TPT Filing Frequency and Due Dates\*- *Monthly, Quarterly, Annually*

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

- **January 21** - TPT return due date.
- **January 30** - Paper returns must be received at ADOR by this date.
- **January 31** - Electronic return filed in AZTaxes must be submitted before 11:59 p.m. on this date.  
- Electronic payment made in AZTaxes must be submitted before 11:59 p.m. on this date.

\*The electronic due date for TPT return is dependent on the return and payment being timely and filed electronically.

## THRESHOLD REMINDER

### TPT Electronic Filing and Paying Thresholds

TPT filers with an annual total tax liability of \$500 or more are required to file electronically. Visit the [Transaction Privilege Tax web page](#) on the ADOR website for more information.

### Economic Nexus Thresholds

Economic nexus is established if the following thresholds either were met in the previous calendar year or are met in the current year.





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For a *marketplace facilitator* Arizona gross sales (before any deductions) of more than \$100,000 in sales.

For a *remote seller* Arizona gross sales (before any deductions) of:

- \$200,000 (2019)
- \$150,000 (2020)
- \$100,000 (2021 and beyond)

Visit the [Economic Threshold web page](#) on the ADOR website.

## FILING FREQUENCY

The Arizona Department of Revenue requires that you file your TPT return according to your assigned tax liability until your tax liability exceeds the filing thresholds. TPT filing frequency is determined by the amount of a business' total estimated annual combined Arizona, county, and municipal TPT liability.

- **Annually: Less than \$2,000** estimated annual tax liability.
- **Quarterly: \$2,000 - \$8,000** estimated annual tax liability.
- **Monthly: More than \$8,000** estimated annual tax liability.

To change your filing frequency, you must request through a [Form 10193 Business Account Update](#) and send it to the address on the form; this function cannot be completed online. Your tax liability will be reviewed, and if it falls within the thresholds, your filing frequency will be changed during the next available filing period. **NOTE:** If there are delinquencies on your business account, the filing frequency cannot be changed.

## FILING YOUR TAX RETURN

E-filing helps ADOR deliver a better, faster, more cost-effective government for Arizona. Some noted taxpayer benefits for e-filing include:

1. Increased security
2. Faster processing
3. Fewer errors and miscalculations
4. The enhanced accounting credit for e-filing

While more taxpayers are filing electronically, below are some common mistakes associated with paper filing known to cause significant processing delays:

1. Incorrect information, i.e., deduction/region code
2. SSN or EIN written in place of TPT license number
3. Submitting duplicate returns
4. Inaccurate or miscalculated totals
5. Using non-black ink

## BOND FOR CONTRACTORS

New contractors, out-of-state contractors without a principal business location in Arizona, and contractors who have displayed a history of TPT noncompliance are generally required to provide a bond to the Department to ensure payment of taxes. The Annual Bond Exemption expires on July 31 of each calendar year.

The agency is continuously improving and innovating its websites to provide quick guidance to taxpayers. The dedicated web page for bonds offers general information on bonding requirements, licensing, exemption certificates, and frequently asked questions. We encourage contractors to visit the [Bond for Contractor page](#).





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### TPT FILING FACTS

- Keep your account history in good standing and avoid penalties. If no longer in business, cancel your existing TPT license on [AZTaxes.gov](https://www.aztaxes.gov) or submit a [Business Account Update Form](#).
- Verify and update your mailing address instantly and securely at [AZTaxes.gov](https://www.aztaxes.gov).
- Remember to file your TPT return for the prior month's activity.
- A \$0 TPT return must be filed for temporarily closed businesses. Go to AZDOR's [transaction privilege web page](#) for more information.
- The tax rate look up tool on [AZTaxes.gov](https://www.aztaxes.gov) is a useful tool for TPT filers in helping them find the TPT rates for any location within the state of Arizona.

### COMMON ERRORS

- Sending in copies or duplicate returns can delay processing.
- Filling out the form incorrectly, for example, entering SSN or EIN instead of the TPT license number.
- Wrong or invalid business or region codes.
- Reporting is different than what is calculated and net taxable reported is greater than the total tax due.
- Using a pencil, colored ink, or sending photocopies can cause delays. Remember: Always use a black or blue ink pen.

Check out ADOR's video on [Common Mistakes Made When Submitting a Paper TPT Return](#) to help avoid issues and return rejections.

### TAX CHANGES

#### **Town of Gilbert** - Effective date of January 1, 2025

On October 22, 2024, the Common Council of the Town of Gilbert passed Ordinance 2918, amending the Town Tax Code to increase the general transaction tax rate from 1.5% to 2.0%; amending the Town Tax Code to increase the additional rate on Transient Lodging from 2.8% to 5%, withdrawing Model Option 15 to impose a local Use tax; setting a rate for Use tax of 2% and adopting Local Option JJ; providing for severability.

The (2.00%) affects the following business classifications:

Advertising (**018**); Amusement (**012**); Contracting - Prime (**015**); Contracting - Speculative Builders (**016**); Contracting - Owner Builder (**037**); Job Printing (**010**); Manufactured Buildings (**027**); Publication (**009**); Hotels (**044**); Commercial, Rental, Leasing, and Licensing for Use (**213**); Rental, Leasing, and Licensing for Use of TPP (**214**); Restaurant and Bars (**011**); Retail Sales (**017**); Retail Sales Food for Home Consumption (**062**); MRRR Amount (**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 and Ancillary Products) (**017**); Medical Marijuana Restaurant (**221**); Adult Use Marijuana Restaurant (**421**); Use Tax Purchases (**029**); Use Tax From Inventory (**030**).

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**).

The (5.00%) affects the following business classifications:

Hotel/Motel (Additional Tax) (**144**).



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**City of Prescott** - Effective date of April 1, 2025

On December 10, 2024, the Mayor and Council of the City of Prescott passed ordinance 2024-1858, certifying the city electorate's November 5, 2024 approval to adopt a dedicated Transaction Privilege tax of ninety-five hundredths of one percent (0.95%) for purposes of public safety within the city, taking effect April 1, 2025 and then reducing to seventy-five hundredths of one percent (0.75%) by December 31, 2035.

The (0.95%) affects the following business classifications:

Advertising (018); Amusement (012); Contracting - Prime (015); Contracting - Speculative Builders (016); Contracting - Owner Builder (037); Feed at Wholesale (116); Job Printing (010); Manufactured Buildings (027); Timbering and Other Extracts (020); Publication (009); Hotels (044); Commercial, Rental, Leasing, and Licensing (213); Rental, Leasing, and Licensing for Use of TPP (214); Restaurant and Bars (011); Retail Sales (017); Retail Sales Food for Home Consumption (062); MRRA Amount (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 and Ancillary Products) (017); Medical Marijuana Restaurant (221); Adult Use Marijuana Restaurant (421); Use Tax Purchases (029); Use Tax From Inventory (030).

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).

**Residential Rental Tax** - Ended December 31, 2024

The residential rental tax that many cities and towns in Arizona had in place ended effective December 31, 2024.

The following cities and towns are affected: Apache Junction, Avondale, Benson, Bisbee, Buckeye, Camp Verde, Carefree, Casa Grande, Cave Creek, Chandler, Chino Valley, Clarkdale, Clifton, Colorado City, Coolidge, Cottonwood, Dewey-Humboldt, Douglas, Duncan, Eagar, El Mirage, Eloy, Florence, Fountain Hills, Fredonia, Gila Bend, Gilbert, Glendale, Goodyear, Guadalupe, Hayden, Holbrook, Huachuca City, Jerome, Kearny, Kingman, Litchfield Park, Mammoth, Maricopa, Mesa, Miami, Nogales, Page, Paradise Valley, Parker, Patagonia, Peoria, Phoenix, Pima, Pinetop-Lakeside, Prescott, Queen Creek, Sahuarita, San Luis, Scottsdale, Sierra Vista, Somerton, South Tucson, Springerville, St. Johns, Star Valley, Superior, Surprise, Taylor, Tempe, Thatcher, Tolleson, Tombstone, Wellton, Wickenburg, Williams, Winkelman, Youngtown, and Yuma.

If businesses have a license that only reports Residential Rental income, they are not required to renew it.

## 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](http://azdor.gov/taxpayer-education).

### WORKSHOPS

**ADOR PMC Community Connection - (Via WebEx)**

Friday, January 17, 2025  
noon - 1:00 p.m.

Friday, February 7, 2025  
noon - 1:00 p.m.



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### **ADOR Electronic Filing for Nursing Homes - (Via WebEx)**

*Tuesday, January 21, 2025*

*9:00 a.m. - 10:30 a.m.*

### **ADOR Business Tax - (Via WebEx)**

*Tuesday, January 28, 2025*

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

*Tuesday, February 4, 2025*

*9:00 a.m. - noon*

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

*Wednesday, January 29, 2025*

*1:00 p.m. - 2:00 p.m.*

*Wednesday, February 5, 2025*

*10:00 a.m. - 11:00 a.m.*

### **ADOR AZTaxes - (Via WebEx)**

*Thursday, January 30, 2025*

*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, February 10, 2025*

*1:00 p.m. - 2:30 p.m.*

Workshop 2: Engaging, Disengaging, and More

*Tuesday, February 11, 2025*

*1:00 p.m. - 2:30 p.m.*

Workshop 3: File, Pay, Amend, and More

*Wednesday, February 12, 2025*

*1:00 p.m. - 2:30 p.m.*

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

