



# Arizona Department of Revenue

## TPT Newsletter

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**February 2025**

## Transaction Privilege Tax Changes and News

### WASTE TIRE FEE CHANGES

The Arizona Department of Revenue (ADOR) is informing businesses that sell new tires of upcoming changes to the fee imposed on the sale of motor vehicle tires.

This includes:

- retailers of new motor vehicle tires,
- retailers of new motor vehicles with a gross weight of under 10,000 pounds,
- wholesale sellers that sell new motor vehicle tires to the state or a political subdivision of the state, and
- wholesalers that sell new motor vehicle tires to a private entity that does not resell the new tires (including wholesalers that sell to used car dealerships).

*The current fees remain in effect through March 31, 2025:*

2% of the retail price of each new tire, up to a maximum of \$2.00 per tire. The fee for new vehicles (where the price of the tires is not listed separately on the invoice) is \$1.00 per tire.

*The new fees become effective on April 1, 2025:*

2% of the retail price of each new tire, up to a maximum of \$4.66 per tire. The fee for new vehicles (where the price of the tires is not listed separately on the invoice) is \$2.33 per tire.

*Beginning July 1, 2026, the fees will be adjusted annually based on a formula established by the Arizona Department of Environmental Quality pursuant to A.A.C. R18-13-2022.*

The [website](#) and related forms will be updated to accommodate the new fee structure. Letters are being sent to businesses to notify them of the change and their obligation to update their system to begin collecting and remitting the revised fee.

Businesses should update point-of-sale systems to account for the increased fee effective April 1, 2025. These fees should be remitted to the Arizona Department of Revenue on a quarterly basis by filing [Form TR-1, Motor Vehicle Waste Tire Fee](#).

### 2025 TRANSACTION PRIVILEGE TAX LICENSE RENEWALS

A transaction privilege tax license 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, 2024. If you have not already done so, visit the [Renewing a TPT License web page](#) for details.

Once a business has renewed their TPT license and paid the license in full, the information is validated, and the new TPT license certificates are generated and sent to the mailing address on file with ADOR.

#### Renewing your license online

1. To renew your license, go to [www.AZTaxes.gov](http://www.AZTaxes.gov).
2. Log in using your username and password.



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



[www.azdor.gov](http://www.azdor.gov)



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3. Click "License Renewal" in the 'Action' section of your Business List or select "License Renewal" on the left-hand navigation bar. (You will need the pertinent information for renewal, any changes, payment information, and your e-signature PIN.)

If you do not see these options, you have not linked your account to your TPT license or the primary user has not given you access to renew the license. See [AZTaxes User Access](#) for more information on primary and delegate users.

### TPT LICENSE CANCELLATIONS

If your business closes, you must cancel your TPT license to avoid fees and penalties. Visit the [License Fees, Cancellations and Other Changes web page](#) for instructions on canceling your TPT license.

### 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

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) was not renewed for the 2025 calendar year. If the business has other business activity on the same license, instead the residential rental location was 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 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 frequency asked questions, please visit [azdor.gov/business/residential-rental](https://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.





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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*

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

- **February 20** - TPT return due date.
- **February 27** - Paper returns must be received at ADOR by this date.
- **February 28** - 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.

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](#) for out-of-state sellers 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.





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### 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](#).

### TPT TIPS

- Keep your password, e-signature PIN, and security questions in a secure location.
- A password reset is required every 90 days.
- Be prepared - e-signature PIN reset requests require 24 hours to process.

### TAX CHANGES

**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**); MRRRA Amount (**315**); Communications (**005**); Transporting (**006**); Utilities (**004**); Use Tax Purchases (**029**); Use Tax from Inventory (**030**).







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## 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)**.

## **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://azdor.gov/taxpayer-education).

### **WORKSHOPS**

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

*Wednesday, February 19, 2025*

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

*Tuesday, March 4, 2025*

*9:00 a.m. - noon*

#### **ADOR Business Tax - (In-Person)**

*Town of Gilbert*

*Municipal Building I - Tower Room, Conference Room 146*

*50 E Civic Center Dr*

*Gilbert, AZ 85296*

*Tuesday, February 25, 2025*

*10:00 a.m. - 1:00 p.m.*

*City of Tempe*

*Desert Willow Program Room, Tempe Public Library*

*3500 S Rural Rd*

*Tempe, AZ 85282*

*Wednesday, March 5, 2025*

*10:00 a.m. - noon*

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

*Thursday, February 20, 2025*

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

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

*Friday, February 21, 2025*

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

*Wednesday, March 5, 2025*

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





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## **ADOR Withholding Tax for Employers and Payroll Service Providers - (Via WebEx)**

*Tuesday, February 25, 2025*

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

## **ADOR Property Owner Basics - (Via WebEx)**

*Wednesday, February 26, 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, March 10, 2025*

*10:00 a.m. - 11:30 p.m.*

Workshop 2: Engaging, Disengaging, and More

*Tuesday, March 11, 2025*

*10:00 a.m. - 11:30 p.m.*

Workshop 3: File, Pay, Amend, and More

*Wednesday, March 12, 2025*

*10:00 a.m. - 11:30 p.m.*

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

*Friday, March 14, 2025*

*noon - 1:00 p.m.*

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

