



## Retail Deduction for Economic Nexus

Explanation of tiered rates and their use are below.

Deduction Code	Deduction Description	Deduction Code Application	Business Code In-State Marketplace Facilitators – Direct Sales	Business Code Remote Sellers-Marketplace Facilitators/ Third Party Sales
501	MV MANUFACTURER CASH REBATE Assigned from PURCHASER to SELLER	State City	17	605
503	RESALE - Sales for Resale	State City	17-62	605-606
504	RET: INTERSTATE or FOREIGN COMMERCE Sales	State City	17-62	605-606
505	RET: COLLEGE TEXTBOOKS required by State University or Community College <i>This Deduction is allowed for State Reporting only. See below for city reporting</i>	State	17	605
738	RET: COLLEGE TEXTBOOKS required by State University or Community College <u>Specific Cities</u> (A.R.S. 42-6017 C.2 ) Eagar, Maricopa, Pima, Springerville, Tusayan	City*	17	605
506	FOOD sold by a RETAILER for HOME CONSUMPTION <i>This Deduction is allowed for State Reporting but only for the specified cities below.</i> <u>Specific Cities:</u> (A.R.S. 42-6017 C.1): Bullhead City, Camp Verde, Colorado City, Flagstaff, Huachuca City, Jerome, Kingman, Lake Havasu City, Marana, Mesa, Oro Valley, Parker, Phoenix, Quartzsite, Sahuarita, Sedona, Superior, Surprise, Tombstone, Tucson, Tusayan, Williams	State City*	17	605
507	FOOD RETAIL Sales to RESTAURANT	State City	17	605-606
508	AIRCRAFT sold to CARRIER, GOVT, NONRES	State City	17	605
509	FUEL: NAT GAS or LPG for MOTOR VEHICLE	State City	17	605

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510	CHEMICALS that cause CHANGE in Product	State City	17	605
511	UTIL - FUEL: sold to QUALIFIED ENVIRONMENTAL TECHNOLOGY	State City	17	605
512	FOOD to AIRLINE that is provided FREE to PASSENGERS	State City	17	605
513	FOOD purchased with SNAP Cards	State City	17-62	605-606
514	FOOD for ARIZ PRISON or JAIL	State City	17	605-606
515	FUEL: Taxed Motor Vehicle, USE, AVIATION or JET Fuel	State City	17	605
516	LIVESTOCK POULTRY Growth Implants or Meds <i>This Deduction is allowed for State Reporting but only for the specified cities below.</i> <u>Specific Cities</u> (A.R.S. 42-6017 C. 3. (c)): Bullhead City, Buckeye, Camp Verde, Casa Grande, Chandler, Chino Valley, Colorado City, Duncan, Gilbert, Huachuca City, Mammoth, Maricopa, Mesa, Oro Valley, Phoenix, Pima, Quartzsite, Queen Creek, Scottsdale, Sedona, Snowflake, St. Johns, Thatcher, Tucson, Willcox, Winslow, Yuma.	State City*	17	605
519	LIBRARY MATERIALS to PUBLIC Libraries	State City	17	605
520	LIVESTOCK POULTRY Feed etc. to These Animals' OWNERS or BOARDERS	State	17	605
720	LIVESTOCK POULTRY Feed etc. to These Animals' OWNERS or BOARDERS <i>This Deduction is allowed for the specified cities below.</i> <u>Specific Cities</u> (A.R.S. 42-6017 C. 3. (b)): Bullhead City, Buckeye, Camp Verde, Casa Grande, Chandler, Chino Valley, Colorado City, Duncan, Gilbert, Huachuca City, Mammoth, Maricopa, Mesa, Oro Valley, Phoenix, Pima, Quartzsite, Queen Creek, Scottsdale, Sedona, Snowflake, St. Johns, Thatcher, Tucson, Willcox, Winslow, Yuma.	City*	17	605

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521	LOTTERY TICKETS by Retailer	State City	17	605
522	M&E used directly in MANUFACTURING, PROCESSING, FABR, PRINTING Etc.	State City	17	605
523	M&E for COMMERCIAL MINING Operation Used Directly extract ores or minerals	State City	17	605
524	M&E for ELECTRIC UTILITY business	State City	17	605
525	M&E or Technology to Assist DISABLED to be FUNCTIONAL	State City	17	605
526	DURABLE MED EQUIP - Rx & HCPC # for Home Use	State City	17	605
528	MV + Parts sold to MOTOR CARRIER LESSOR	State City	17	605
529	MV sold at AUCTION to NONRESIDENT	State City	17	605
530	MV sold to NATIVE AMERICAN who resides on RESERVATION <i>No deduction is allowed for the cities for this type of transaction, it remains taxable.</i>	State	17	605
531	MV to NONRESIDENT from STATE with Lower Tax Rate (COMPUTATION) <i>No deduction is allowed for the cities for this type of transaction, it remains taxable.</i>	State	17	605
532	M&E to Repair CARRIER AIRCRAFT	State City	17	605
533	INSULIN + SYRINGES + TEST STRIPS	State City	17	605
534	Guest PERSONAL HYGIENE ITEMS sold to TRANSIENT LODGING BUSINESS	State City	17	605
535	PIPES VALVES 4"or LARGER for WATER-OIL-GAS-COAL SLURRY including related	State City	17	605
536	DRUGS - OXYGEN Prescribed by DOCTOR	State City	17	605

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537	RET: PROPAGATIVE MATERIALS, includes seeds etc. to commercial business. (Does Not include the Genus Cannabis) <i>This Deduction is allowed for State Reporting but only for the specified cities below.</i> <u>Specific Cities</u> (A.R.S. 42-6017 C. 3. (a)): Bullhead City, Buckeye, Camp Verde, Casa Grande, Chandler, Chino Valley, Colorado City, Duncan, Gilbert, Huachuca City, Mammoth, Maricopa, Mesa, Oro Valley, Phoenix, Pima, Quartzsite, Queen Creek, Scottsdale, Sedona, Snowflake, St. Johns, Thatcher, Tucson, Willcox, Winslow, Yuma.	State City*	17	605
538	SOLAR ENERGY DEVICES	State City	17	605
539	M&E Etc. to TELECOMMUNICATIONS Business	State City	17	605
541	MV to NONRESIDENT that is shipped OUT-OF-STATE by RETAILER	State City	17	605
542	RET WARRANTY or SERVICE Contract	State City	17	605
543	USGOV: Sale to MMAR for GOVT Contract	State City	17	605
544	TPP to NONPROFIT ORG that gives FREE MEALS to NEEDY on a regular basis	State City	17	605
545	TPP to QUALIFIED HEALTH CARE ORG used for Health & Medical Purposes ONLY	State City	17	605
546	TPP/SVC to QUALIFIED HOSPITAL for ANY PURPOSE	State City	17	605
547	USGOV: Sale by MMAR to U.S. GOVT	State City	17	605
548	USGOV: RETAIL Sales Allowed 50% TPT Income Deduction (100% USE TAX DEDUCTION)	State City	17	605
549	RET: SERVICES Provided by SELLER	State City	17	605
551	TAX COLLECTED or FACTORED included in Gross Receipts	State City	17	605

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552	TPP sold to TPT Licensee for Incorporation into PRIME CONTRACTING or MRRRA Project	State City	17	605
553	M&E used in Research & Development	State City	17	605
554	M&E used in HEALTHY FOREST PROJECT	State City	17	605
558	BAD DEBT DEDUCTION (See Arizona Administrative Code (“A.A.C.”) rule R15-5-2011)	State City	17	605
559	PROSTHETIC <i>Prescribed</i> by MEDICAL PROFESSIONAL	State City	17	605
565	COMPUTER DATA CENTER EQUIPMENT	State City	17	605
566	FOOD ITEMS provided FREE to TRANSIENT LODGER	State City	17	605
567	RET: Sale of CASH EQUIVALENTS	State City	17	605
568	FOOD to RESTAURANT for EMPLOYEES during WORK HOURS	State City	17	605
569	FOOD to SCHOOL DISTRICT or CHARTER SCHOOL used during SCHOOL HOURS	State City	17	605
570	BUSINESS ACTIVITY for ENROLLED NATIVE AMERICAN or TRIBAL ENTITY that OCCURS <u>ON</u> RESERVATION <i>STATE BUS CODES can ONLY be used with INDIAN RESERVATION REGION CODES</i>	State City	17	605
571	TPP to PERSONAL PROPERTY LEASING BUSINESS to LEASE	State City	17	605
572	TPP to QUAL COMMUNITY HEALTH CENTER	State City	17	605
573	TPP/ PC: NONPROFIT ORG APT HOUSING for Low Income Persons Over 62	State City	17	605

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574	TPP to QUALIFIED HEALTH CARE ORG for handicapped children	State City	17	605
575	TPP to NONPROFIT ORG for HANDICAP Program	State City	17	605
576	RAILROAD Stock Rails Signal Equipment	State City	17	605
577	M&E for POULTRY & EGG Production	State City	17	605
578	M&E for TV STATION DIGITAL BROADCAST	State City	17	605
579	M&E used to DRILL or EXTRACT OIL or GAS for Commercial Purposes	State City	17	605
580	MV to NONRESIDENT from STATE that does not provide a TAX CREDIT <i>No deduction is allowed for the cities for this type of transaction, it remains taxable.</i>	State	17	605
581	GROUNDWATER MEASURING DEVICES	State City	17	605
582	ORTHODONTIC DEVICES dispensed by a DENTIST	State City	17	605
583	Commodities Sales warehoused in AZ	State City	17	605
584	TPP sold to Form 5009L Subcontractor for Incorporation into PRIME CONTRACTING Project	State City	17	605
585	M&E used for COMMERCIAL AGRICULTURE Crops and Products	State City	17	605
586	CLOTHING for Paper Manufacturing	State City	17	605
587	ALT FUEL to USED OIL FUEL BURNER	State City	17	605
588	LIQUOR by LIQUOR WHOLESALER	State City	17	605

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589	ENVIRONMENTAL RESPONSE & REMEDIATION	State City	17	605
590	EYEGLASSES CONTACTS Sold on RX	State City	17	605
591	TPP Used by SATELLITE TV-DATA TRANSMISSION SERVICE	State City	17	605
592	ALTERNATIVE FUEL VEHICLES	State City	17	605
594	HEARING AIDS but not batteries	State City	17	605
595	CLEAN ROOM for SEMICONDUCTORS	State City	17	605
596	APPLICATION SERVICES to TEST Students	State City	17	605
597	M&E to meet Fed & State POLLUTION Rules or Regulations	State City	17	605
598	FUEL to HEALTHY FOREST BUSINESS	State City	17	605
599	M&E to PREVENT POLLUTION Farm Ranch	State City	17	605
601	RET: PRECIOUS METALS and COINS	State City	17	605
602	MAGAZINES promote AZ TOURIST TRAVEL	State City	17	605
603	M&E Repair Parts HEALTHY FOREST PROJECT	State City	17	605
604	RENEWABLE ENERGY CREDIT Sales or Transfers	State City	17	605
605	NEAT ANIMALS HORSES used for BREEDING, Also LIVESTOCK POULTRY TO COMM BUS <i>This Deduction Code is allowed for State Reporting only , see below for City reporting</i>	State	17	605

Deduction Code	Deduction Description	Deduction Code Application	Business Code In-State Marketplace Facilitators – Direct Sales	Business Code Remote Sellers-Marketplace Facilitators/ Third Party Sales
736	NEAT ANIMALS HORSES used for BREEDING, Also LIVESTOCK POULTRY TO COMM BUS <i>This Deduction is allowed for the specified cities below.</i> <u>Specific Cities</u> (A.R.S. 42-6017 C. 3. (d)): Casa Grande, Colorado City, Huachuca City, Mammoth, Maricopa, Pima, Queen Creek, Scottsdale, Snowflake, Tucson, Willcox	City*	17	605
737	EXEMPT FINE ART PAINTING / SCULPTURE <i>This Deduction is allowed for the specified cities below.</i> <u>Specific Cities</u> (A.R.S. 42-6017 C. 7): Bisbee, Carefree, Mesa, Oro Valley, Prescott, Tempe, Tucson	City*	17	605
606	BUS or URBAN MASS TRANSIT VEHICLE	State City	17	605
607	ENVIRONMENTAL TECH FACILITY	State City	17	605
609	RET: FET on HEAVY TRUCK TRAILER	State City	17	605
611	RET: OVERHEAD MATERIALS for US GOVT CONTRACT	State City	17	605
613	RET: WASTE TIRE DISPOSAL FEE	State City	17	605
614	RET: WIRELESS EQUIPMENT SALES COMMISSION	State City	17	605
699	TPP to QUALIFYING HEALTH SCIENCES EDUCATIONAL INSTITUTION	State City	17	605
708	VENDOR DISCOUNTS or CUSTOMER RETURNS	State City	17	605
711	TRADE-IN ALLOWANCE	State City	17	605
712	PROPERTY Sold to Contractor for MRRRA Project on an INDIAN RESERVATION	State City	17	605
716	RET: POSTAGE STAMPS sold at Face Value	State City	17	605

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725	TPP Sales <u>BY</u> Nonprofit Charitable IRC 501(c)(3) Organization	State City	17	605
728	DAVIS MONTHAN BASE TRANSACTIONS <i>This deduction is not allowed for State reporting, it is for exempt for retail transactions on the Davis Monthan Air Force Base within the City of Tucson.</i>	City*	17	605
760	CITY - OUT-OF-CITY SALES	City	17	605-606
761	PART of SINGLE ITEM SALE TAXED at 0% <i>This deduction is not allowed for State reporting, it is for exempt for retail transactions within the specific cities listed below.</i> <u>Specific Cities:</u> Globe, Yuma	City*	17	605
762	NONPROFIT ORG Sponsoring MLB or Pro Golf - Events and Sales	State City	17	605
763	NONPROFIT ORG Sponsoring RODEO: Farm & Ranch Animals - Event & Sales	State City	17	605
764	NONPROFIT ORG producing CULTURAL or CIVIC Festival / Event & Sales	State City	17	605
773	RET - FINE ART sold by an ART GALLERY or ART AUCTION to a NONRESIDENT <i>Deduction is allowed for State Reporting but only for the specified cities below.</i> City: Scottsdale	State City*	17	605
777	Sales to FOREIGN DIPLOMATS holding VALID US DEPT of STATE CARD authorizing purchase	State City	17	605
804	SALES MADE THROUGH another's Marketplace	State City	17	605-606

## Marketplace Facilitators and Remote Sellers Business Codes

### REMOTE SELLER OR MARKETPLACE FACILITATOR OUTSIDE ARIZONA

605	Retail
616	Retail-Single Item Portion Over \$10,000

### MARKETPLACE FACILITATOR IN ARIZONA (STOREFRONT, PEOPLE, EQUIPMENT)

017	Marketplace Facilitators in Arizona Retail Sales
367	Marketplace Facilitators in Arizona Retail Sales-Single Item Portion Over \$10,000
605	Marketplace Facilitators in Arizona Third Party Sales
616	Marketplace Facilitators in Arizona Third Party Sales-Single Item Portion Over \$10,000

## SPECIAL COUNTY & CITY RETAIL BUSINESS CODES:

Jurisdictions in Arizona may opt for a tiered rate structure for single-item purchases over a certain dollar amount. Each jurisdiction sets the price in which the tiered rate structure goes into effect, and the tax rate levied on the single-item for their jurisdiction. The tiered rate may be placed on the price of the entire single-item or the portion over the price where the tiered rate structure goes into effect.

For cities in which tiered rates **“single-item over”** applies, the entire sale applies to the “single-item over” code/rate. Unlike “portion over,” any deductions amounts may be applied to the full amount of the sale.

For cities with **“portion over”** tiered rates, apply the regular retail code/rate to the amount up to the portion over amount. The portion over code/rate is then applied to the difference between over the “portion over” amount and the total price. **Any deduction amounts must be prorated.**

To determine what constitutes a “single-item” under the retail classification:

- A single-item does not refer to multiple transactions on a single invoice.
- A single-item does not include taxes, add-ons or sales price adjustments.
- A single-item does not include other related transactions (e.g., the sale price of a car, plus the extended warranty and tax).
- If a retailer does not break down related costs but instead invoices one lump sum, this entire amount is considered the single-item and subject to the application of the tiered rate calculation.
- If the invoice is an itemized invoice, the tiered rate application must be calculated separately on each individual item.

CODE	DESCRIPTION	APPLICABLE COUNTY
367	Marketplace Facilitators in Arizona Retail Sales (Single Item Portion over \$10,000)	Pinal
616	Marketplace Facilitated <b>Third Party Sales or Remote Retail Sales</b> (Single Item Portion over \$10,000)	Pinal

CODE	DESCRIPTION	APPLICABLE CITIES
610	Marketplace Facilitated or Remote Retail Sales (Single Item over \$1,000)	Eagar
611	Marketplace Facilitated or Remote Retail Sales (Single Item Portion Over 10,303)	Phoenix

<b>CODE</b>	<b>DESCRIPTION</b>	<b>APPLICABLE CITIES</b>
612	Marketplace Facilitated or Remote Retail Sales (Single Item Portion over \$2,000)	Apache Junction
613	Marketplace Facilitated or Remote Retail Sales (Single Item over \$1,999.99)	Buckeye
614	Marketplace Facilitated or Remote Retail Sales (Single Item Portion over \$6,000)	Eloy
615	Marketplace Facilitated or Remote Retail Sales (Single Item Portion over \$5,000)	Camp Verde, Casa Grande, Pinetop-Lakeside, Tolleson
616	Marketplace Facilitated or Remote Retail Sales (Single Item Portion over \$10,000)	Douglas Quartzsite
617	Marketplace Facilitated or Remote Retail Sales (Single Item Portion over \$9,999)	Clifton
618	Marketplace Facilitated or Remote Retail Sales (Single Item Portion over \$3,000)	Page
619	Marketplace Facilitated or Remote Retail Sales (Single Item Portion over \$1,000)	Springerville
620	Marketplace Facilitated or Remote Retail Sales (Single Item Portion over \$500)	Superior
621	Marketplace Facilitated or Remote Retail Sales (Single Item over \$1,250)	Willcox
622	Marketplace Facilitated or Remote Retail Sales (Single Item Portion over \$2,500)	Parker San Luis
623	Marketplace Facilitated or Remote Retail Sales (Single Item over \$5,000)	Avondale, Benson, Glendale, Goodyear, Safford, Thatcher, Wickenburg
624	Marketplace Facilitated or Remote Retail Sales (Single Item over \$10,000)	Coolidge

**LEGEND (Abbreviations):**

**AMUSE:** AMUSEMENT

**DED or DEDUCT:** DEDUCTION

**FET:** FEDERAL EXCISE TAX

**M & E:** MACHINERY and EQUIPMENT

**MCTC:** MODEL CITY TAX CODE

**MFTG or MFTR or MFTRD BLDG:** MANUFACTURING or MANUFACTURER or MANUFACTURED BUILDING

**MMAR:** MANUFACTURER, MODIFIER, ASSEMBLER or REPAIRER

**MV:** MOTOR VEHICLE

**ORG:** ORGANIZATION

**PC:** PRIME CONTRACTING

**RET:** RETAIL

**RX:** PRESCRIBED

**SNAP:** SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (commonly called food stamps)

**SVC:** SERVICE

**TPP:** TANGIBLE PERSONAL PROPERTY

**TELEC:** TELECOMMUNICATIONS (CLASSIFICATION)

**TR LODG or TRANS LODG:** TRANSIENT LODGING (CLASSIFICATION)

**TRANSPO:** TRANSPORTING (CLASSIFICATION)

**TX:** TAX

**USGOV:** UNITED STATES GOVERNMENT