

# TRANSPORTING

This publication provides general information about transaction privilege tax (TPT) on transporting. For complete details, refer to the Arizona Revised Statutes and the Arizona Administrative Code. In case of inconsistency or omission in this publication, the language of the Arizona Revised Statutes and the Arizona Administrative Code will prevail.

## Who Must Pay

Anyone in the business of transporting for hire, persons, freight, or property by motor vehicle, railroads, or aircraft from one point to another in Arizona is subject to transaction privilege tax. This does not include:

1. Transporting by motor vehicle, if the motor carrier fee or the light motor vehicle fee is paid to the Department of Transportation.
2. Certain ambulances or ambulance services.
3. Public transportation for the dial-a-ride program or special needs transportation services.
4. Airlines, where taxation of the business is preempted by federal law.

## What Is Taxable?

The tax base for the transporting classification is the total income from the business.

## What is the Tax Rate on Transporting and How Do I Pay?

The current combined state and county tax rate for the transporting classification can be found in the *Arizona State, County and City Transaction Privilege and Other Tax Rate Tables* ("Tax Rate Tables") under business class code 006. Many cities separately impose city privilege taxes on transporting activities. "Program cities" have the Arizona Department of Revenue collect their city taxes using a state form, the Transaction Privilege, Use and Severance Tax Return (Form TPT-1). Most larger Arizona cities license and collect privilege tax independently of the state and are called "non-program" cities. If you are unsure whether your city collects its own tax or if the state collects for it, check the *Tax Rate Tables*.

**NOTE:** State and county rates are combined on the *Tax Rate Tables*. City tax is reported separately. See Form TPT-1 Instructions for details.

## Factoring Transaction Privilege Tax

You may choose to charge a single amount for transporting rather than separately itemizing the transaction privilege tax. In this case, you can use "factoring" to compute the tax included in the amount charged to the customer. See Arizona Transaction Privilege Tax Procedure *TPP 00-1* for information about factoring.

## Third Party Transporting

You may be in the business of transporting even if the actual transporting is done by a third party independent contractor with its own vehicles. If you receive orders from customers, dispatch vehicles, do the billing and receive payment from the customer, you are subject to tax under the transporting classification. It does not matter if the physical transporting is done by third party independent contractors who own their own vehicles.

## For Additional Information, call:

Phoenix ..... (602) 255-2060  
Toll free from area codes 520 & 928 ... (800) 843-7196

## For Hearing Impaired - TDD only:

Phoenix ..... (602) 542-4021  
Toll free from area codes 520 & 928 ... (800) 397-0256

## Or Write to:

Arizona Department of Revenue  
Taxpayer Information & Assistance  
1600 W Monroe  
Phoenix AZ 85007

## For Related Tax Information:

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