

## AZTaxes Newsletter August 2011

**DUE DATE FOR your July TPT is August 22, 2011.**

**For TPT Electronic File and Pay; to be considered timely received by last business day of the month you must both file and pay your TPT electronically:**

- **Electronically File and Electronically Pay; you must submit both your TPT1 and your payment no later than 5:00 p.m. (Mountain Standard Time) August 31st, 2011.**

**For TPT Sent by Mail; to be considered timely received when mailed:**

- **Your TPT1 and your payment must be postmarked no later than August 25, 2011.**

### IMPORTANT NOTICE

#### Arizona will offer a Tax Recovery Program

**Effective September 1, 2011 – October 1, 2011:** The Tax Recovery program is an opportunity for those who live, work, or do business in Arizona to pay any back taxes owed to the state without penalty or criminal prosecution, and at a reduced interest rate for those who qualify.

**What types of taxes are included in the program?** Individual Income, Corporate Income, Transaction Privilege (Sales), Use, Withholding, Partnership, Fiduciary and Luxury (Tobacco & Liquor).

**What tax periods are eligible?** For taxes filed on an annual basis, such as income tax, Tax Recovery is available for years beginning on or after January 1, 2004 and ending before January 1, 2010. Taxpayers who file taxes, such as transaction privilege or withholding, on a monthly or quarterly basis are eligible for tax periods beginning on or after January 1, 2005 and ending before January 1, 2010. Please note that this Tax Recovery opportunity does not apply to 2010 Arizona income tax that was due April 18, 2011.

**Does Tax Recovery include program city tax?** No, Tax Recovery is for state and county taxes only. To report all taxes, complete two returns for each tax recovery period. The first return would include state and county taxes only, and would be subject to the reduced interest rate under the Tax Recovery Program. The second return would include city taxes only, and would be subject to the full penalty and interest.

**For More Information, please visit [www.azdor.gov](http://www.azdor.gov).**

## IMPORTANT NOTICE

### NEW PENALTY FOR FAILURE TO REMIT PAYMENT ELECTRONICALLY

**Effective March 1, 2011:** Taxpayers required to make payments by Electronic Funds Transfer (EFT) will be subject to a penalty of 5% if they make a payment by another method.

**When is the effective date of the new penalty?** The effective date of the new penalty is for reporting periods starting March 1, 2011.

**How much is the penalty?** The penalty is five percent of the amount of the payment not made by EFT.

#### **Who is required to make payment by EFT?**

1. A withholding taxpayer whose average Arizona quarterly withholding liability during the prior tax year was twenty thousand dollars or more.
2. A corporate taxpayer whose corporate income tax liability was twenty thousand dollars or more during the prior tax year.
3. A TPT/Use taxpayer whose annual tax liability was one million dollars or more during the prior calendar year.

**Who is affected by this change?** Taxpayers are required to remit payment for Transaction Privilege and Use Tax, Withholding Tax or Corporate estimated payments by EFT.

#### **Who can I contact if I have questions?**

Call Taxpayer Information and Assistance at 602-255-2060 or you can call toll-free within Arizona at 1-800-843-7196. Office hours are Monday through Friday from 8:00am to 5:00pm.

#### **Limited Services Available at our East Valley Location**

- Our East Valley office in Gilbert does not offer taxpayer assistance for billing or other issues. Only the Tucson and Phoenix locations offer taxpayer assistance.
- Licensing, payment services and forms are still available at our Gilbert office location.

#### **Help Us Help You by Avoiding Costly Errors**

- When submitting any tax return or payment, please verify you have entered all the required account identification information and verify that the figures and information you entered are accurate.
- Complete and accurate tax returns speed processing times, reduce processing costs and avoid the need to contact you.

#### **EFT Payments**

- Registered businesses can register for ACH Debit to make EFT payments.

- After you log in and select your business account, select “Business Registration” then “ACH Debit” and follow the easy directions.

### **Multiple Payment Options Are Available on AZTaxes.gov**

- ACH Debit, E-Check, credit card and Visa or MasterCard branded debit cards.

### **A Note to all Arizona Taxpayers**

- Use [www.AZTaxes.gov](http://www.AZTaxes.gov) to check the status of your income tax refund.
- Use “Make a Payment” option to pay your income tax.

### **Payment Arrangements**

- To make payments over a period of time, contact the Office Collections Section in Phoenix at (602) 542-5551 or Tucson at (520) 628-6442. Any Revenue Officer will be able to assist you.
- Information is also available at [www.azdor.gov/Collections/PaymentArrangement](http://www.azdor.gov/Collections/PaymentArrangement)

## **City Tax Rate Changes Effective July 2011**

### **GUADALUPE - Effective July 1, 2011**

On April 28, 2011, the Mayor and Council of the Town of Guadalupe passed Ordinance Number 2011-03 amending the Tax Code of the Town of Guadalupe by increasing the general rate of taxation from **three percent (3%)** to **four percent (4%)**. Ordinance 2011-03 tax rate increase effects the following classifications: Advertising, Construction contracting: Construction Contracts, Construction Contracting: Speculative Builders, Construction Contracting: Owner builders who are not speculative builders, Manufactured buildings, Timbering and other extraction, Publishing and periodicals distribution, Hotels, , Rental, leasing and licensing for use of tangible personal property, Retail sales, Transporting for hire, and Utility services. The ordinance change affects the Transaction Privilege Tax Classification **(GU 000)**, The increase imposed by this ordinance does not apply to Rental, leasing, and licensing for use of real property which is taxed at the rate of **three percent (3%)** and is reported under **(GU 013)**.

This increase imposed by this ordinance shall not apply to contracts entered into prior to the effective date of this Ordinance. Pre-existing contracts should be reported under the Contracts (Prior to July 1, 2011) Classification **(GU 008)**.

### **KEARNY - Effective July 1, 2011**

On March 21, 2011, the Mayor and the Council of the Town of Kearny passed Ordinance 11-186 relating to Transaction Privilege Tax. The new ordinance amends previous ordinance 09-178 and extends the tax beyond the automatic repeal date of June 30, 2011.

Ordinance 11-186 extends the tax rates at **three percent (3%)** for the following classifications: Advertising, Amusements, exhibitions, and similar activities, Job Printing, Manufactured Buildings, Timbering and other extraction, Publishing and

periodicals distribution, Hotels, Rental, leasing, and licensing for use of tangible personal property, Restaurants and bars, Retail sales; measure of tax; burden of proof; exclusions, Telecommunications services, Transporting for hire, and Utility services. The Ordinance also extends the tax rates at **four percent (4%)** for the following classifications: Construction contracting: construction contractors, Construction contracting: speculative builders, Construction contracting: owner builders who are not speculative builders.

The ordinance change affects the Transaction Privilege Tax Classification (**KN 000**), Hotel/Motel (Additional Tax Classification (**KN 003**), and Construction Contracting (**KN 008**). The increase imposed by this ordinance does not apply to Rental, leasing, and licensing for use of real property which is taxed at the rate of **two and one half percent (2.5%)** and is reported under (**KN 013**).

#### **THATCHER - Effective July 1, 2011**

On April 12, 2011, the Mayor and Council of the Town of Thatcher passed Ordinance Number 163-2011 amending the Tax Code of the Town of Thatcher by increasing the general rate of taxation from **two percent (2%)** to **two and one-half percent (2.5%)**. The tax rate increase effects the following classifications: Advertising, Amusements, exhibitions, and similar activities, Job printing, Manufactured buildings, Timbering and other extraction, Publishing and periodicals distribution, Hotels, Rental, leasing and licensing for use of tangible personal property, Restaurants and Bars, Retail sales, Telecommunication services, Transporting for hire, Utility services and Use Tax.

The ordinance change affects the Transaction Privilege Tax Classification (**TC 000**), and Use Tax (**TC 002**). The increase imposed by this ordinance does not apply to Rental, leasing, and licensing for use of real property which is taxed at the rate of **two percent (2%)** and is reported under (**TC 013**).

The increase imposed by this ordinance shall not apply to contracts entered into prior to the effective date of this Ordinance. Pre-existing contracts should be reported under the Contracts (Prior to July 1, 2011) Classification (**TC 008**).

### **City Tax Rate Changes Effective August 2011**

#### **ORO VALLEY - Effective August 1, 2011**

On May 4, 2011, the Mayor and Town Council of Oro Valley passed ordinance (O) 11-14. Ordinance (O) 11-14 relating to the Transaction Privilege Tax; amending the tax code of the Town of Oro Valley, Article IV, Chapter 8A, Section 480 relating to the Utility Services tax rate.

Ordinance (O) 11-14 increases the Utility Services tax rate from **two percent (2%)** to **four percent (4%)** effective August 1, 2011. This ordinance change affects the transaction privilege tax classification (**OR 005**).

Ordinance (O) 11-14 has no provision for pre-existing contracts.

#### **PARADISE VALLEY - Effective August 1, 2011**

On May 12, 2011, the Mayor and the Council of the Town of Paradise Valley passed Ordinance 627. Ordinance 627 relating to the Transaction Privilege Tax; Amending the Town of Paradise Valley's tax code by increasing the rate of taxation from **one and**

**sixty-five percent (1.65%) to two and one half percent (2.50%)**. Providing penalties for the violation thereof; providing for severability, designating an effective date and expiration date and making provision for existing contracts.

Ordinance 627 increases the tax rates at **two and one half percent (2.50%)** for the following classifications:

Advertising, Amusements, exhibitions, and similar activities, Construction contracting: construction contractors, Construction contracting: speculative builders, Construction contracting: owner builders who are not speculative builders, Job Printing, Manufactured Buildings, Timbering and other extraction, Publishing and periodicals distribution, Rental Occupancy, Hotels, Rental, leasing, and licensing for use of tangible personal property, Restaurants and bars, Retail sales; measure of tax; burden of proof; exclusions, Telecommunications services, Transporting for hire, Utility services and Use tax. The increase is set to automatically sunset on July 31, 2014, but be subject to a review of said sunset provision.

The ordinance change affects the Transaction Privilege Tax Classification (**PV 000**), and Use Tax (**PV 002**).

The increase imposed by this ordinance does not apply to Rental, leasing and licensing for use of real property which is taxed at the rate of **one and sixty-five percent (1.65%)** and is reported under (**PV 013**).

This increase imposed by this ordinance shall not apply to contracts entered into prior to the effective date of this Ordinance. Pre-existing Use tax contracts should be reported under the Use Tax Contracts (Prior to August 1, 2011) Classification (**PV 006**). Pre-existing Privilege Tax Contracts should be reported under the Privilege Tax Contracts (prior to August 1, 2011) Classification (**PV 007**).

#### **TOMBSTONE – Effective August 1, 2011**

On June 14, 2011, the Mayor and the Council of the City of Tombstone passed Ordinance 03-2011. Ordinance 03-2011 relating to the transaction privilege tax; amends the City of Tombstone's tax code by increasing the tax rate for the additional tax upon transient lodging from **three percent (3%) to six percent (6%)**. Providing penalties for the violation thereof; providing for severability and designating an effective date.

Ordinance 03-2011 increases the tax rate for the Hotel/Motel (Additional Tax) Classification (**TS 001**) to **six percent (6%)** effective August 1, 2011.

Ordinance 03-2011 does not have a provision for pre-existing contracts.

#### **WINSLOW – Effective August 1, 2011**

In a Special Election held on May 17, 2011, the electorate authorized the City of Winslow to continue the one percent (**1%**) tax on transaction privilege sales tax. The tax was approved for an additional five years and shall cease on July 15, 2016. The Special Election also removed the exemption for the two tier tax rate for retail and the contracting exemption for construction contracts over one thousand dollars. The business class code (**WS 001**) will be eliminated.

The continuation of the one percent tax does not affect Jet Fuel (**WS 009**) at **three cents per gallon (\$.03%)**, the Additional Tax on Hotel/Motel (**WS 003**) at **two percent (2%)**, the Additional Tax on Restaurant and Bar (**WS 004**) at **two percent (2%)** or Metalliferous Mining (**WS 005**) at **One tenth of a percent (.10%)**.

There is no pre-existing contract provision.

## City Tax Rate Changes Effective September 2011

### St. Johns - Effective September 1, 2011

On June 23, 2011, the Mayor and the Council of the City of St. Johns passed Ordinance Number 141. Ordinance 141 relating to the privilege license tax; amending the city tax code by increasing the tax rate on the additional tax upon transient lodging from **one percent (1%)** to **three percent (3%)**. Providing penalties for the violation thereof; providing for severability; making provision for existing contracts and designating an effective date. Contracts entered into before the effective date of Ordinance 141 will continue to report at the rate of one percent (1%).

Ordinance 141 tax rate increase effects the following classification:

Rental, leasing and licensing for use of real property: additional tax upon transient lodging.

The ordinance change creates the Hotel/Motel (Additional Tax) Classification **(SJ 025)**. The increase imposed by this ordinance shall not apply to contracts entered into prior to the effective date of this Ordinance. Pre-existing transient lodging contracts should be reported under the Hotel/Motel (Additional Tax), Contracts (Prior to September 1, 2011) Classification **(SJ 003)**.