

AZTaxes Newsletter January 2012

DUE DATE FOR your December TPT is January 20, 2012.

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) January 30, 2012.**

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

- **Your TPT1 and your payment must be postmarked no later than January 25, 2012.**

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.

A Note to all Arizona Taxpayers

- Use www.AZTaxes.gov to check the status of your income tax refund.
- Use “Make a Payment” option to pay your income tax.

President’s Day

Arizona Department of Revenue will be closed Monday, February 20, 2012 in observance of President’s Day.

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.

Arizona Transaction Privilege Tax (TPT) License Update

Changes to TPT licenses are subject to a \$12 fee per location for the state fee and any applicable city fees. There are no fees for changes to Corporate account, Use Tax or Withholding registrations. Changes to following items can be requested by using the **Business Account Update** form available at www.azdor.gov:

- Business name
- Mailing address
- Business location
- Additional business or rental location(s) filing consolidated reports
- Corporate officer

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.

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

For Retailers of Cigarettes or Roll Your Own Tobacco:

Effective August 18, 2003, Laws 2003, ch. 239 (SB1310) established A.R.S. §44-7111, which prohibits the sale of all cigarettes (including roll-your-own tobacco) in Arizona not listed in the Cigarette Directory maintained by the Arizona Attorney General's Office. It is unlawful for any person to affix a stamp to a cigarette package, or sell or possess for sale, cigarettes of a manufacturer or brand family not included in the directory. The Cigarette Directory is found on the Arizona Attorney General's website (<http://www.azag.gov/consumer/Tobacco/Directory.html>).

City Tax Rate Changes Effective December 1, 2011**LA PAZ COUNTY JUDGMENT BOND EXCISE TAX EFFECTIVE DECEMBER 1, 2011**

On September 12, 2011 the La Paz County Board of Supervisors approved the levy of a La Paz County Judgment Tax **effective December 1, 2011**. The Judgment Tax is to be applied at 10% of the Transaction Privilege Tax rate levied by the State of Arizona, (.5% or .005 for most business classifications), as authorized in A.R.S. §42-6112. The total combined rate for *most* transactions will be 8.1%.

The new state/county combined rates are available here:

<http://www.azdor.gov/Business/TransactionPrivilegeTax/TPTRates.aspx>

See the affected rates below:

The rate change will affect the following classifications:

Class Code	Description	Old Rate	New Rate
002	Non metal Mining	3.75%	4.062%
004	Utilities	7.6%	8.1%
005	Communications	7.6%	8.1%
006	Transporting	7.6%	8.1%
007	Private Railcar	7.6%	8.1%
008	Pipelines	7.6%	8.1%
009	Publishing	7.6%	8.1%
010	Job Printing	7.6%	8.1%
011	Restaurant & Bar	7.6%	8.1%
012	Amusements	7.6%	8.1%
014	Rentals of Personal Property	7.6%	8.1%
015	Prime Contracting	7.6%	8.1%
017	Retail	7.6%	8.1%
025	Transient Lodging (Hotel/Motel)	7.6%	8.15%
037	Owner/Builder Contracting	7.6%	8.1%
049	Jet Fuel Excise Tax	3.66¢	3.965¢

For Prime Contractors and Owner Builders: Any increase in the rate of tax does not apply to contracts entered into or pursuant to written bids made by Prime Contractors or Owner Builders on or before September 12, 2011. To qualify for the reduced rate, the prime contractor or owner builder must maintain documentation to verify the date of the contract or written bid. **Gross income received from Pre-existing Prime Contracts will be reported under Class 122 and from Pre-existing Owner Builder contracts will be reported under Class 123.** For more information, consult our web site at www.azdor.gov, or contact the department's Taxpayer Information & Assistance Section at (602) 255-2060 or Toll-free from 520 or 928 area code at (800) 843-7196.

City Tax Rate Changes Effective January 2012

Goodyear - Effective January 1, 2012

On May 23, 2011, the Mayor and the Council of the City of Goodyear passed Ordinance Number 11-1239. Ordinance 11-1239 relating to the privilege license tax; amending the city tax code by decreasing the food for home consumption rate of taxation from two **and one half percent (2.5%) to two and one-quarter percent (2.25%)**. Providing for severability; making provision for existing contracts and designating an effective date. *Contracts entered into before the effective date of Ordinance 11-1239 will continue to report at the privilege tax rate of **two and one-half percent (2.5%)**.*

Ordinance 11-1239 tax rate increase effects the following classification:

Food for Home Consumption.

The ordinance change creates the Food for Home Consumption Classification (**GY 001**). The decrease imposed by this ordinance shall not apply to contracts entered into prior to the effective date of this Ordinance. Pre-existing Food for Home Consumption contracts should be reported under the Food for Home Consumption, Contracts (Prior to January 1, 2012) Classification (**GY 010**).

Kingman - Effective January 1, 2012

On September 20, 2011, the Mayor and the Council of the City of Kingman passed Ordinance Number 1716. Ordinance 1716 relating to the privilege license tax; amending the city tax code by creating an **additional** tax rate upon Restaurant and Bar of **two percent (2%)**. 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 1716 will continue to report at the privilege tax rate of **two percent (2%)**.*

Ordinance 1716 tax rate increase effects the following classification:

Restaurant and Bar: additional tax upon Restaurant and Bar.

The ordinance change creates the Restaurant and Bar (Additional Tax) Classification (**KM 011**). The increase imposed by this ordinance shall not apply to contracts entered into prior to the effective date of this Ordinance. Pre-existing Restaurant and Bar contracts should be reported under the Restaurant and Bar, Contracts (Prior to January 1, 2012) Classification (**KM 004**).

City Tax Rate Changes Effective February 2012

Paradise Valley - Effective February 1, 2012

On November 17, 2011, the Mayor and Council of the Town of Paradise Valley passed Ordinance Number 637. Ordinance 637 relating to the Transaction Privilege Tax; Amending the Tax Code of the Town of Paradise Valley by creating an **additional** tax on rental, leasing or licensing for use of non-residential property or property units (commercial lease). The additional tax rate is **eighty five hundredths percent (0.85%)**. Providing penalties for the violation thereof; providing for severability and designating an effective date of February 1, 2012.

Ordinance 637 creates the transaction privilege tax classification **(PV 313)** for *additional* Commercial lease tax; the additional rate is **eighty five hundredths percent (0.85%)**.

For clarity, the description for Rental of Real Property which uses **(PV 013)** will be changed to Commercial Lease, the rate of **one and sixty-five percent (1.65%)** remains. A new transaction privilege tax classification for Residential Rental **(PV 012)** is created with a rate of **one and sixty-five percent (1.65%)**

Lake Havasu - Effective February 1, 2012

On December 20, 2011, the City of Lake Havasu requested that the Arizona Department of Revenue begin to collect their "Bed Tax", this tax was previously collected by the City of Lake Havasu. The Department will begin to collect this tax effective February 1, 2012. The name of this tax will be changed from Bed Tax to Hotel/Motel (Additional Tax) to conform with the Model City Tax Code and provide consistency with the Departments rate tables.

A new transaction privilege tax classification for the Hotel/Motel (Additional Tax), **(LH 001)** is created with a rate of **three percent (3%)**. **The Department will begin collecting this tax with the February 2012 return.**

City Tax Rate Changes Effective March 2012

Tombstone - Effective March 1, 2012

On December 13, 2011, the Mayor and the Council of the City of Tombstone passed Ordinance 2011-12. Ordinance 2011-12 relating to the transaction privilege tax; amends the City of Tombstone's tax code by decreasing the tax rate for the additional tax upon transient lodging from **six percent (6%) to four percent (4%)**. Providing penalties for the violation thereof; providing for severability and designating an effective date.

Ordinance 2011-12 decreases the tax rate for the Hotel/Motel (Additional Tax) Classification **(TS 001)** to **four percent (4%)** effective March 1, 2012.

Ordinance 2011-12 does not have a provision for pre-existing contracts.