

AZTaxes Newsletter October 2013

Transaction Privilege and Use Tax (TPT) is always due on the 20th of the month.

For TPT Electronic File and Pay

- **SEPTEMBER 2013 TPT-1 and Payment;** to be considered timely received by the last business day of the month, you must submit electronically both your TPT-1 and your payment, no later than 5:00pm (Mountain Standard Time) October 30, 2013.

For TPT Sent by Mail

- **SEPTEMBER 2013 TPT-1 and Payment;** to be considered timely received when mailed your TPT-1 and your payment, must be postmarked no later than October 25, 2013.

TAX INFORMATION AND ALERTS

OBSERVED ARIZONA HOLIDAY

Our office will be closed on Monday, October 14, 2013 in observance of Columbus Day.

ARIZONA TAX TALK SEMINAR

The Arizona Department of Revenue invites you to join other tax professionals at one of the seminars to learn about 2013 tax law updates and other important tax tips to help you and your practice. Check www.taxtalkaz.com for future updates. Dates are:

Prescott – December 16, 2013
Tempe – December 18, 2013
Northwest Phoenix – January 6, 2014
Tucson – January 9, 2014

2013 LEGISLATIVE SUMMARIES

You can go online at www.azdor.gov and under the category News and Announcements, click on the link for 2013 Legislative Summaries. The document contains summaries of 2013 Arizona legislation from the Fifty First Legislature – First Regular Session and First Special Session.

MODEL CITY TAX CODE

Go online at <http://modelcitytaxcode.az.gov/> to find information about City Tax Code, recent and proposed changes to the Model City Tax Code and City Tax Rates.

YUMA COUNTY HEALTH SERVICES DISTRICT TAX INCREASE Effective October 1, 2013

On June 17, 2013 the Yuma County Board of Supervisors approved an increase in the Health Services District Tax effective October 1, 2013. The Health Services Tax is to be applied at 0.112% on most transactions, as authorized in A.R.S. § 48-5805. The total combined rate for most transactions will be 6.712%.

NOTE: The new state/county combined rates will be available soon at www.azdor.gov. The rate change will affect the following classifications:

Class Code	Description	Old Rate	New Rate
002	Non metal Mining	3.805%	3.812%
004	Utilities	6.7%	6.712%
005	Communications	6.7%	6.712%
006	Transporting	6.7%	6.712%
007	Private Railcar	6.7%	6.712%
008	Pipelines	6.7%	6.712%
009	Publishing	6.7%	6.712%
010	Job Printing	6.7%	6.712%
011	Restaurant & Bar	6.7%	6.712%
012	Amusements	6.7%	6.712%
014	Rentals of Personal Property	6.7%	6.712%
015	Prime Contracting	6.7%	6.712%
017	Retail	6.7%	6.712%
025	Transient Lodging (Hotel/Motel)	6.698%	6.71%
029	Use Tax	5.6%	5.6%
030	Use Tax Inventory	5.6%	5.6%
037	Owner/Builder Contracting	6.7%	6.712%

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 June 17, 2013. 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 126 and from Pre-existing Owner Builder contracts will be reported under Class 127.

HOUSE BILL 2324/Commercial Lease Exemption

The recently enacted HB 2324 (Laws 2013, ch. 27) amends A.R.S. § 42-5069 and A.R.S. § 42-6004 to create an exemption from taxation under the commercial lease classification for leases of real property between affiliated companies, businesses, persons, or reciprocal insurers. At the city level, the Model City Tax Code was amended in accordance with HB 2324 effective July 1, 2013. Therefore, the cities have ceased

imposing transaction privilege taxes on leases affected by HB 2324 beginning July 1, 2013. **However, at the state and county level, HB 2324 does not take effect until September 13, 2013.**

TOWN OF SUPERIOR
Effective December 1, 2013

On September 5th, 2013, the Mayor and the Council of the Town of Superior passed Ordinance Number 117. Ordinance Number 117 amends the Town Code by increasing the general rate of taxation from two percent (2.0%) to four percent (4.0%), makes a provision for pre-existing contracts and designates an effective date of December 1, 2013.

Ordinance 117 Increases the Privilege Tax from two percent (2.0%) to four percent (4.0%). This affects Business Classification (SI 000).

Ordinance 117 does not affect Rental of Real Property which remains at two percent (2.0%) and is reported under Business Classification (SI 013).

Ordinance 117 does not affect Metalliferous Mining which remains at one tenth of one percent (.10%) and is reported under Business Classification (SI 005).

Pre-existing Privilege Tax Contracts should be reported under the Privilege Tax Contracts (Prior to December 1, 2013) utilizing the newly created Business Classification, (SI 008) and is taxed at the rate of two percent (2%).

E911 Excise Tax
Effective January 1, 2014

Beginning **January 1, 2014**, prepaid wireless telecommunications retailers will be liable for remitting E911 excise tax instead of telecommunications service providers. **Laws 2012, Chapter 198 (HB2094)** established a prepaid wireless telecommunications E911 excise tax (A.R.S. §§ 42-5401 through 42-5404). The tax is 0.80% of the gross proceeds of sales or gross income from the retail sale of prepaid wireless telecommunications services. Retailers are authorized to retain 3% of the cost of the tax that they collect from their customers. The tax is to be reported under Business Class 912. Retailers should use the following formula for calculating the 3% that they may retain:

Multiply the gross receipts from retail sales of prepaid wireless telecommunications services by 3%. This amount should be taken as a deduction from the gross amount. Use deduction code 564 to report this deduction. The tax rate of .008 should be applied to the net taxable amount to arrive at the total tax amount. A sample of how a transaction would appear on a Form TPT-1 is shown below:

Gross Amount	Deduction Amount	Net taxable Amount	Tax Rate	Total Tax Amount
1000.00	30.00	970.00	.008	7.76

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.

Payment and Refund Status Options Are Available on AZTaxes.gov

- ACH Debit, E-Check, credit card and Visa or MasterCard branded debit cards
- Use www.AZTaxes.gov to check the status of your income tax refund
- Use "Make a Payment" option to pay your income tax

Office Locations/Drop Boxes

In a hurry? You can drop off your tax return and/or payment by using our drop box located inside just as you pass through the entrance doors. Office hours are Monday through Friday, 8:00am to 5:00pm and our locations are:

- Phoenix – 1600 W. Monroe St.
- Gilbert – 275 E. Germann Rd. Bldg. 2 Ste. 180
- Tucson – 400 W. Congress

Electronic Payment Settlement Date

In order for your electronic payment to be received timely, your electronic transaction must be submitted in advance of the cutoff time and due date:

- ACH Debit or E-Check; payments made on AZTaxes must be submitted before 5:00pm Mountain Standard Time (MST) the Arizona business day prior to the due date in order for your payment to settle the next business day. The settlement date is the date the money is debited from your bank account and credited to the Department of Revenue.
- Credit Cards; payments submitted before 5:00pm (MST) will be credited to your Department of Revenue account on the same day. Same day only applies to *credit card* payments.

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