

GROUP 2 WORKSHEET

Contracting Tax Factoring Worksheet – CITY LAND DEDUCTION AT COST

Assumption: No tax amount is specified in the contract.

TAX RATES AND FACTOR

State & County Tax Rate.....		* Refer to the TRANSACTION PRIVILEGE AND OTHER TAX RATE TABLES, Table 1. Place in Column G of the TPT-1.
City Tax Rate.....		* Refer to the Transaction Privilege and Other Tax Rate Tables.
Combined RATE.....		* Add the City Rate to the State & County Rate.
Combined FACTOR.....		* Find the factor for the COMBINED RATE ABOVE on the TAX FACTORS FOR CONTRACTORS table.

	ITEM	SOURCE	AMOUNT	DESTINATION
1.	Gross Amount of Contract or Progress Payment	Contract/Invoice/ Cash Receipts		Front of TPT-1, Column D
2.	Land at Fair Market Value	Appraisal or Other Documentation		Back of TPT-1, Schedule A, Deduction Code 518
3.	Land at Cost	Purchase Records		

CALCULATIONS ON LAND DEDUCTION DIFFERENCE

4.	Land FMV minus Cost	Line 2 minus Line 3		
5.	City Tax on Land Difference	Line 4 times City Tax Rate times 65%		Back of TPT-1, Schedule A, Deduction Code 551
6.	Prime Contractor Reduction on Land Difference	Line 4 times 35%		

CALCULATIONS ON COMMON AMOUNTS

7.	Common Base	Line 1 minus Line 2 minus Line 5		
8.	Factored Tax on Common Base	Combined Factor times Line 7		Back of TPT-1, Schedule A, Deduction Code 551
9.	Basis for Prime Contractor Reduction	Line 7 minus Line 8		
10.	Prime Contractor Reduction on Common Base	Line 9 times 35%		Back of TPT-1, Schedule A, Deduction Code 502

FOR THE STATE RETURN - COUNTY LINE

11.	Total Class 15 Deductions	Add Lines 2, 5, 8, and 10		Front of TPT-1, Column E
12.	Taxable Class 15 Amount	Line 1 minus Line 11		Front of TPT-1, Column F
13.	Class 15 Tax	State & County Tax Rate times Line 12		Front of TPT-1, Column H

FOR THE STATE RETURN – CITY LINE OR FOR THE CITY RETURN

14.	Total City Deductions	Add Lines 3, 5, 6, 8, and 10		Front of TPT-1, City line, Column E or City Return
15.	Taxable City Amount	Line 1 minus Line 14		Front of TPT-1, City line, Column F or City Return
16.	City Tax	City Tax Rate times Line 15		Front of TPT-1, City line, Column H or City return

For Assistance call (602) 255-2060 or Toll Free (Arizona Only, outside of Maricopa Only) 1-800-843-7196
KEEP THIS WORKSHEET WITH YOUR RECORDS. PLEASE DO NOT SEND IT WITH YOUR RETURN.