



Transaction Privilege Tax Changes and News

This publication is an informational notice for April 2016.

Customer Care: (602) 255-3381 or toll-free from area codes 520 or 928: (800) 352-4090

www.azdor.gov or www.AZTaxes.gov

NEWS

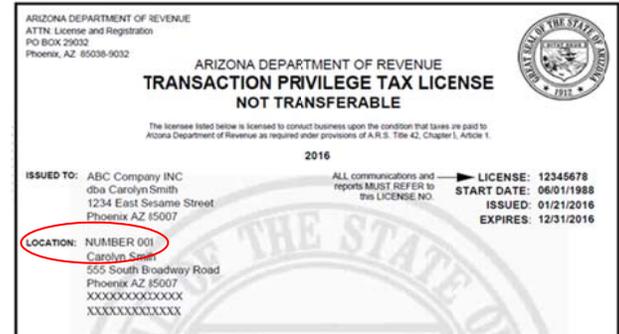
TPT LOCATION NUMBER/CODE

WHAT IS THE LOCATION NUMBER/CODE?

WHY IS IT IMPORTANT?

WHERE DO YOU FIND IT?

The location number(s) of your business can be found on your Transaction Privilege Tax (TPT) License, as assigned by the Department of Revenue. The unique location code is used to identify the physical address of each location of a business in a jurisdiction per license number. In the near future, this will be necessary to properly report your activity by location on your Transaction Privilege, Use, and Severance Tax Return.



When registering for your TPT license, you have two options:

1. One license number for all locations: you will have multiple location numbers/codes that identify each separate location.
2. License your locations under separate license numbers: the license number will correspond with a unique location number and code.

Once licensed, if you close or move a location, that unique number/code will no longer be valid. The move to a new location will result in a new number/code. If you are expanding your business and open another location, the new location will receive a new number/code.

WHAT CHANGES WILL OCCUR IN 2016 WITH THE LOCATION NUMBER/CODE?

The Department will be releasing a NEW Transaction Privilege, Use, and Severance Tax Return, titled TPT-2, this summer. The terms “location number” and “location code” can be used interchangeably. Location codes will be used on the city detail page on your return to report your information by each business location.

Watch for more information about the new form and other news on www.azdor.gov

NEW REPORTING FORMS

The Arizona Department of Revenue will soon be implementing changes to transaction privilege tax (TPT) reporting, as required by law. We have created two new TPT forms, [TPT-2](#) and [TPT-EZ](#), to simplify taxpayer reporting. While the TPT-2 form looks different from its predecessor, [TPT-1](#), much of the required information is unchanged except for the statutorily required location-based reporting at the city level found on page 3 of the form. We created the TPT-EZ form for the roughly 195,000 taxpayers who report tax liabilities for only one location.

If you have one location and receive pre-printed TPT forms in the mail from the Department, you will receive the new TPT-EZ form. Please note the state/county/reservation and city transaction detail sections are now separated and the city section now has the statutorily required location-based reporting at the city level – meaning you will file by location on the city lines. This form can also be filed online at AZTaxes.gov.

We anticipate these changes taking effect with the June return that taxpayers file in July. If you have questions about these changes, please contact our Customer Care staff weekdays from 8 a.m. to 5 p.m. at (602) 255-3381, or toll-free from area codes 520 or 928: (800) 352-4090.

We strongly encourage taxpayers to file online via the AZTaxes.gov website for faster processing and fewer errors.



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OWN TWO OR MORE LOCATIONS?

A.R.S. §42-5014.H provides that any person who is engaged in or conducting business in two or more locations or under two or more business names must electronically file their tax return(s). If your business falls into these categories, the Department is going to attempt to contact you in person or by mail to help you register your business on AZTaxes.gov. If you do not hear from us and would like assistance, please call (602) 255-3381 or toll free from area codes 520 or 928 (800) 352-4090.

AVAILABLE RESOURCES

The Department offers several video tutorials on its website, www.azdor.gov, under Taxpayer Education that can help you with your TPT filing and other topics. Classes to help you understand the new forms and requirements also will soon be available. You can also register to receive updates from the Department by email or text message. To subscribe, visit www.azdor.gov and click on "GET THE LATEST INFORMATION" from the right hand menu. You may opt out at any time.

RATE CHANGES

CITY OF ELOY

Effective April 1, 2016: On January 11, 2016, the Mayor and Council of the City of Eloy passed Ordinance No. 15-850 which amended Section 16-462 of the City Code by increasing the tax rate of Retail Sales Food for Home Consumption from **zero percent (0.00%)** to **two percent (2.00%)**:

Retail Sales Food for Home Consumption (**EL 062**).

TOWN OF WICKENBURG

Effective April 1, 2016: On January 18, 2016, the Mayor and Council of the Town of Wickenburg passed Ordinance No. 1158 which amended the Town Code to increase the tax rate on Construction Contracting, from **two and two-tenths percent (2.20%)** to **three and one-half percent (3.50%)**. This affects the following business classifications:

Construction Contracting – Prime (**WB 015**), Construction Contracting – Speculative Builders (**WB 016**),
Construction Contracting – Owner Builders (**WB 037**).

CITY OF KINGMAN

Effective July 1, 2016: On October 6, 2015, the City of Kingman Common Council passed Ordinance No. 1799 which amended the tax code by extending the sunset date on the **two and one-half percent (2.5%)** increased rate in the transaction privilege and use tax rate from June 30, 2016 to December 31, 2017. This affects the following business classifications:

Advertising (**KM 018**), Amusements (**KM 012**), Contracting – Prime Contracting (**KM 015**), Contracting – Speculative Builder (**KM 016**), Contracting – Owner Builder (**KM 037**), Job Printing (**KM 010**), Manufactured Buildings (**KM 027**), Timbering and Other Extraction (**KM 020**), Publication (**KM 009**), Hotels (**KM 044**), Rental, Leasing, & Licensing for Use of TPP (**KM 214**), Restaurant and Bars (**KM 011**), Retail Sales (**KM 017**), MRRA Amount (**KM 315**), Communications (**KM 005**), Transporting (**KM 006**), Utilities (**KM 004**), Use Tax Purchases (**KM 029**), Use Tax From Inventory (**KM 030**).



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CITY OF SAN LUIS

Effective June 1, 2016: On March 23, 2016, the Mayor and Council of the City of San Luis passed Ordinance No. 348. Ordinance No. 348 adopted **Local Option V** which modifies Section 7A-460 (d) Retail Sales of the City Tax Code.

Option V, imposes a two-tier tax on retail sales for a single item that exceeds \$2,500. When gross receipts from the sale of a **single item** of tangible personal property exceeds **\$2,500**, the **four percent (4.00%)** shall apply to the first \$2,500. This is reported using Business Code (**SU 017**). The portion that exceeds \$2,500 shall be taxed at **one and one half percent (1.50%)** and shall be reported using Business Code (**SU 467**).

REMINDERS

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

Arizona Revised Statute (A.R.S.) § 42-5014 states that transaction privilege tax is due on the 20th day of the month following the month (or other reporting period) in which the tax is collected or accrued. Form TPT-1 is used to report your transaction privilege taxes. For taxpayers filing by mail or in person the return must be received by the Department on or before the 2nd to the last business day of the month. *A business day is any day except Saturday, Sunday, or a legal Arizona state holiday.*

If you are filing and paying electronically, both your TPT-1 return and payment must be submitted no later than 5:00 PM (Mountain Standard Time) **Thursday, April 28, 2016**.

If you are filing by mail or in person, your TPT-1 return and payment must be received no later than **Thursday, April 28, 2016**. If the TPT-1 and payment is received after this date, it will be considered late regardless of postmark.

FILING REMINDER

Payments must be made on or before the due date in the month they are due. Filing and paying for future tax periods is no longer allowed and may result in refunds or delinquency notices.

When reporting transaction privilege tax, remember to file all tax returns whether or not you have any sales.

DEDUCTION CODES REQUIRED ON YOUR TPT-1

The gross amount on your TPT-1 includes the total amount of revenue invoiced, billed or otherwise recognized during the reporting period. Every deduction taken must have a deduction code. Deductions are to be itemized by category in Schedule A on page 2 of the TPT-1 form. Deduction codes must be valid for the region and business code selected. Deductions reported with an incorrect or missing deduction code will be disallowed and penalties and interest may apply.

NOTE: Previous deduction codes 888 and 999 are no longer available. Standardized list of deduction codes is available on our Forms page at: www.azdor.gov/Forms/TransactionPrivilegeTax.aspx

PAYMENT ARRANGEMENTS

The Arizona Department of Revenue has highly trained representatives available to assist you in resolving any past due tax liabilities. To establish payment arrangements, contact the Office Collections Section at (602) 542-5551 or (520) 628-6442.

Information is also available at: www.azdor.gov/Collections/PaymentArrangement.aspx