



Transaction Privilege Tax Changes and News

This publication is an informational notice for March 2016.

Taxpayer Information & Assistance Section: (602) 255-3381 or toll-free from 520 or 928 area code at (800) 352-4090

www.azdor.gov or www.AZTaxes.gov

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

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 COLORADO CITY

Effective March 1, 2016: On December 30, 2015, the Mayor and Council of the Town of Colorado City (Town) passed Ordinance No. 2015-05, which adopts amendments to the Town’s Tax Code related to Transaction Privilege Tax Rates:

Increases the tax rate for the following business classifications from **two percent (2.0%)** to **three percent (3.0%)**:

Advertising (business code **CC 018**), Retail Sales (**CC 017**), MRRA Amount (**CC 315**).

Increases the tax rate for the following business classifications from **two percent (2.0%)** to **seven percent (7.0%)**:

Amusement (**CC 012**), Hotels (**CC 044**), Hotel/Motel (Additional Tax) (**CC 144**), Restaurant and Bars (**CC 011**), Communications (**CC 005**).



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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**).

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) **Wednesday, March 30, 2016.**

If you are filing by mail or in person, your TPT-1 return and payment must be received no later than **Wednesday, March 30, 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.

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USE TAX

Transaction privilege tax and use tax are complementary taxes; only one of these taxes can be applied to a given transaction. Use tax must be reported and paid on merchandise purchased as an exempt sale for resale that is subsequently used by the business and on purchases from an out-of-state vendor for use in Arizona if tax has not been remitted to the out-of-state seller. The use tax is reported on the TPT-1 under business code 030 for items removed from inventory and under business code 029 for purchases from out-of-state vendors.

CHANGES THAT AFFECT YOUR TRANSACTION PRIVILEGE TAX LICENSE

Transaction Privilege Tax licenses are not transferable. Changes in **ownership** require a new license. Use the *Arizona Joint Tax Application* to apply for a new license if your business changes from a sole proprietorship to a partnership or corporation, or undergoes a similar change in organization. Also, if the business is a partnership and partners are added or removed, a new license is required.

Changes in location or business location require a new transaction privilege license. When locations are added or there are changes in the business name (or DBA) the license number does not change; however, a new license is printed showing the updated information. License fees are required whenever these changes are made and the business receives a new print of the license.

Other business changes that should be reported to the Department of Revenue include changes in the mailing address or location of audit records, requests to suspend licenses when the business plans to temporarily cease operations, and requests to change filing frequency. These changes do not require a license fee.

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: <http://www.azdor.gov/Collections/PaymentArrangement.aspx>