



Transaction Privilege Tax Changes and News

This publication is an informational notice for January 2014.

TOWN OF BUCKEYE

Effective January 1, 2014: On October 15, 2013, the Mayor and the Town Council of the Town of Buckeye passed Ordinance Number 12-13. Ordinance 12-13 amends the Town Code, by revising Model City Tax Code Local Option V. Local Option V imposes a two-level structure on sales of tangible personal property exceeding \$1,999.99.

Ordinance 12-13 reduces the transaction privilege tax rate on single item purchases of tangible personal property exceeding \$1,999.99 from **one and one half percent (1.5%)** to a transaction privilege rate of **one and one tenth percent (1.1%)**. The decrease affects Business Classification (**BE 001**).

CITY OF SEDONA

Effective January 1, 2014: On October 8, 2013, the Mayor and the Council of the City of Sedona passed Ordinance Number 2013-07. Ordinance Number 2013-07 increases the additional tax upon transient lodging from **three percent (3%)** to **three and one half percent (3.5%)**.

TOWN OF CAREFREE

Effective March 1, 2014: On December 3, 2013, the Mayor and the Town Council of the Town of Carefree passed Ordinance Number 2013-05. Ordinance 2013-05 amends the Town Code by creating Article VI, Use Tax. Resolution 2013-08 makes public the Ordinance and establishes a rate of **three percent (3%)**.

The effective date outlined in Ordinance 2013-05 has been changed to March 1, 2014 to allow suitable time for notification and administration of the Use tax.

Ordinance 2013-05 creates the Business Classification Class (**CA 002**) for reporting the Use Tax and establishes the rate of **three percent (3%)**.

E911 Excise Tax

Effective January 1, 2014: Beginning **January 1, 2014**, prepaid wireless telecommunications retailers rather than service providers will be liable for remitting the E911 excise tax on prepaid wireless telecommunications service. **Laws 2012, Chapter 198 (HB 2094)** 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. For purposes of the prepaid wireless telecommunications excise tax, the gross amount should not include the tax collected. Use deduction code 564 to report the allowed 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