



# Transaction Privilege Tax Changes and News

This publication is an informational notice for December 2013.

## CITY 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%)**.

## TOWN OF GILA BEND

**Effective December 27, 2013:** On November 26, 2013, the Mayor and the Council of the Town of Gila Bend passed Ordinance Number 13-05. Ordinance Number 13-05 amends section 8A-480 to remove the tax credit offset for franchise fees.

Effective December 27, 2013 Section 8A-480 *Utility Services* of the Tax Code of the Town of Gila Bend will be amended by deleting paragraph (d) in its entirety and replacing it with the following:

(d) (RESERVED).

With this amendment it is understood that there shall not be allowed as an offset any franchise fees paid to the Town pursuant to the terms of a franchise agreement. Model Option 13 will be added to the Town of Gila Bend in the official version of the Model City Tax Code, effective December 27, 2013.

This change is specific to two business entities.

## 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%)**.

## 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