



Transaction Privilege Tax Changes and News

This publication is an informational notice included with the October 2014 Transaction Privilege Tax Return.

TPT SIMPLIFICATION

The State of Arizona and its Cities and Towns continue to work together to achieve the goal of simplifying the manner in which taxpayers report and pay their Transaction Privilege Tax (TPT). We want to ensure that there is a smooth transition in reporting and paying all TPT transactions. Working toward this end, the Arizona Department of Revenue is requiring all State TPT taxpayers to renew their licenses with the Department and continue to renew their licenses with the appropriate City.

Both the State and the Cities are committed to making this transition as easy as possible. We are confident these changes will make it easier for Arizona businesses to report their State, County and City TPT taxes. In the coming months you will continue to receive information, forms and instructions, from both the State and the Cities until the smooth transition is completed.

When you receive a form from the State and/or City, please read the instructions and submit all forms to the proper taxing jurisdiction by the due date indicated. It is very important that you return the completed form and payment, if applicable, to the correct entity for handling and processing. We thank you for helping us to make "TPT Simplification" a success.

License Renewals

Every business licensed with the Arizona Department of Revenue is required to renew their Arizona transaction privilege tax license. The license is valid for one calendar year and must be renewed annually. The renewal is due January 1, 2015. There is no State renewal fee. You must complete this form even if you do not have any changes.

Certain changes to a Transaction Privilege Tax (TPT) license are subject to a fee of \$12 per location for the State license and any applicable City license fees. The following changes are subject to the \$12 State license fee and any city:

- ✓ Business name or DBA change
- ✓ Business location address change
- ✓ Addition of reporting jurisdictions
- ✓ Additional business or rental locations

You may receive a separate renewal notice if you have a city license in the following cities: Apache Junction, Avondale, Bullhead City, Chandler, Douglas, Flagstaff, Glendale, Mesa, Nogales, Peoria, Phoenix, Prescott, Scottsdale, Sedona, Somerton, Tempe, Tucson, and Willcox. It is important that you complete and return all renewal forms specific to your business to the appropriate entities.

Your renewal notice will be sent separately within the next month. If you do not receive your notice by December 31, 2014, please call 602-542-5027. It may take up to thirty days to process your renewal.

Prime Contracting Changes

Effective January 1, 2015, nonconstruction, or service contractors, are exempted from prime contracting on both the state and city levels.

Sales of materials to "service contractors" are subject to tax if:

1. The contractor works directly for property owner, and
2. Does maintenance, repair, replacement or alteration of existing property

All other contracting activity remains taxable under the current statutes.

Contractors are not required to obtain TPT licenses if they solely perform contracts with either:

- a) the owners of real property or
- b) the owners of the improvements to real property for the maintenance, repair, replacement or alteration of existing property.

Filing Frequency Changes

Effective January 1, 2015, if your annual transaction privilege tax liability is less than \$2,000, you may pay annually; if your annual transaction privilege tax liability is between \$2,000 and \$8,000, you may pay quarterly. Otherwise, your transaction privilege taxes are due monthly. Please contact the Department if you would like to change your filing frequency.

Due Date Changes

For all taxpayers who elect not to file electronically, TPT returns must be received by the Department on or before the second to last business day of the month.

Audit Changes

Single source audits will become effective January 1, 2015. This means an audit will be conducted by state trained staff and will include any cities in which you conduct business.

Standardized Business and Deduction Codes

Beginning January 1, 2015 there will be one list of business and deduction codes for State/county and cities. You may no longer use deduction codes 888 or 999. Use of these codes will be disallowed and penalties and interest may apply. Standard list for Business Codes and Deduction Codes will be available at www.azdor.gov.

Additional Changes

Further changes will be implemented throughout 2015. Information regarding pending changes will be posted on www.azdor.gov.

TOWN OF CAMP VERDE

Effective December 1, 2014: On September 17, 2014, the Mayor and Council of the Town of Camp Verde passed Ordinance Number 2014-A398. Ordinance 2014-A398 relating to Transaction Privilege Tax; Amending the Tax Code of the Town of Camp Verde, Arizona by removing exemption (Q) sales of food for home consumption under section 8-465 Retail Sales: exemptions shall be removed for a three year period commencing upon the effective date of the ordinance. **Retail Sales for Food for Home Consumption** shall then be taxable at the current Retail sales tax rate of **three percent (3%)** and is reported under **(CE 062)**. The exemption (Q) however, shall be reinstated upon that date which is three years after the effective date of this Ordinance, December 1, 2017.

CITY OF SOUTH TUCSON

Effective December 1, 2014: On August 28, 2014, the Mayor and Council of the City of South Tucson passed Ordinance Number 14-04 and Ordinance 14-05. Ordinance 14-04 amends the Tax Code of the City of South Tucson which affects the following classifications:

Advertising Business Class increases from **two and one half percent (2.5%)** to **four and one half percent (4.5%)**.
This creates business code **(ST 018)**.

Amusement Business Class increases from **two and one half percent (2.5%)** to **four and one half percent (4.5%)**.
This creates business code **(ST 012)**.

Construction Contracting Business Class increases from **two and one half percent (2.5%)** to **four and one half percent (4.5%)**.
This creates business code **(ST 015)**.

Speculative Builders Business Class increases from **two and one half percent (2.5%)** to **four and one half percent (4.5%)**.
This creates business code **(ST 016)**.

Owner-builders Business Class increases from **two and one half percent (2.5%)** to **four and one half percent (4.5%)**.
This creates business code **(ST 037)**.

Job Printing Business Class increases from **two and one half percent (2.5%)** to **four and one half percent (4.5%)**.
This creates business code **(ST 010)**.

Manufactured Buildings Business Class increases from **two and one half percent (2.5%)** to **four and one half percent (4.5%)**.
This creates business code **(ST 027)**.

Publishing Business Class increases from **two and one half percent (2.5%)** to **four and one half percent (4.5%)**.
This creates business code **(ST 009)**.

Rental of Tangible Personal Property Business Class increases from **two and one half percent (2.5%)** to **four and one half percent (4.5%)**. This creates business code **(ST 214)**.

Retail Business Class increases from **two and one half percent (2.5%)** to **four and one half percent (4.5%)**.
This creates business code **(ST 017)**.

Telecommunication Business Class increases from **two and one half percent (2.5%)** to **four and one half percent (4.5%)**.
This creates business code **(ST 005)**.

Transporting for Hire Business Class increases from **two and one half percent (2.5%)** to **four and one half percent (4.5%)**.
This creates business code **(ST 006)**.

Utility Business Class increases from **two and one half percent (2.5%)** to **four and one half percent (4.5%)**.
This creates business code **(ST 004)**.

Timbering and other extraction Business Class remains at **two and one half percent (2.5%)** and is reported under business code **(ST 020)**.

Mining - Metal Business Class remains at **one tenth of one percent (.10%)** and is reported under business code **(ST 019)**.

Hotel Business Class remains at **two and one half percent (2.5%)** and is reported under business code **(ST 044)**.

Hotel (Additional tax) Business Class is taxed at **one and one half percent (1.5%)** and is reported under business code **(ST 144)**.

Restaurant and Bars Business Class increases from **three and one half percent (3.5%)** to **five and one half percent (5.5%)** and is reported under **(ST 011)**.

Retail Sales Food for Home Consumption Business Class decreases from **two and one half percent (2.5%)** to **one and one half percent (1.5%)** and is reported under **(ST 062)**

Ordinance 14-05 creates the following classifications:

Residential Rental, Leasing, and Licensing for Use of Real Property Business Class is taxed at **two and one half percent (2.5%)** and is reported under newly created business code **(ST 045)**.

Commercial Rental, Leasing, and Licensing for Use of Real Property Business Class is taxed at **two and one half percent (2.5%)** and is reported under newly created business code **(ST 213)**.