



# Transaction Privilege Tax Changes and News

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

## TPT SIMPLIFICATION UPDATE

### License Renewals

Taxpayers who have a state TPT license and/or a municipal excise tax license are required to annually renew the license(s). The license for both the State and the cities is valid for one calendar year and must be renewed by January 1<sup>st</sup> each year.

Taxpayers will be receiving a notice to renew the State and Program City licenses this month. Taxpayers must complete and submit this renewal form to the Arizona Department of Revenue even if the taxpayer's business information has not changed. There is no fee to renew the State TPT or current Program City license.

However, certain changes to a 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:

- ✓ A change to your business name or DBA
- ✓ A change in your business location address
- ✓ Adding reporting jurisdictions
- ✓ Adding business or rental locations

The city license fees vary by city. A list of program cities and their current fees is available on the Joint Tax Application (JT-1).

In addition to the Arizona renewal form, taxpayers may receive a separate renewal notice if licensed in the following cities: Apache Junction, Avondale, Chandler, Douglas, Flagstaff, Glendale, Mesa, Nogales, Peoria, Phoenix, Prescott, Scottsdale, Sedona, Tempe, and Tucson. If you receive a renewal notice from one of these cities, it is important that you complete and return all city renewal forms and payment(s) specific to your business to the appropriate jurisdiction(s).

If you do not receive your notice by December 31, 2014, please call 602-542-5027. It may take up to forty five 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. Contractors who only enter into contracts with owners of real property to maintain, repair, replace, or alter their property will be subject to tax at the point of purchase on the building materials used in those projects. All other contracting activity remains taxable under the current statutes.

Contractors who only enter into contracts with owners of real property to maintain, repair, replace, or alter their property are not required to obtain or renew TPT licenses. FAQs will be posted at [www.azdor.gov](http://www.azdor.gov) once they are finalized.

If you are a contractor whose only business is to enter into contracts with the owner of real property for the maintenance, repair, replacement or alteration of existing property, beginning January 1, 2015, you do not need to have a transaction privilege tax (TPT) license. Contractors who fall under this category will now pay retail tax at the point of sale when materials are purchased.

To cancel a TPT license complete the Business Account Update form to indicate the effective date of the cancellation. The update form is available in the Forms section for TPT on our website. Or, when filing your final TPT-1 select the box at the top of the form that states, Final Return Cancel License.

### Property Management Companies & Residential Rental Property

Property managers and property management companies may no longer obtain a transaction privilege tax (TPT) license on behalf of their clients. Effective January 1, 2015, each real property owner is required to have a TPT license per location. To obtain a TPT license, the property owner must apply using the Arizona Joint Tax Application (JT-1).

If a property owner would like a property manager or property management company to file and pay their TPT, the property owner must file a General Disclosure/Representation Authorization Form (aka Power of Attorney, Arizona Form 285) with the Arizona Department of Revenue.

### Filing Frequency Changes

Effective January 1, 2015, if your annual transaction privilege tax liability is less than \$2,000, you may file and pay annually; if your annual transaction privilege tax liability is between \$2,000 and \$8,000, you may file and pay quarterly. Otherwise, your transaction privilege taxes are due monthly. After January 1, 2015, you may call our Taxpayer Information and Assistance unit at 602-255-2060 or toll free within Arizona at 1-800-843-7196 if you would like to change your filing frequency.

### Due Date Changes

Effective January 1, 2015 with the returns due in February 2015, 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. If the return is received after the second to the last business day, the return is not timely regardless of the postmark date. This includes returns filed by mail or hand delivered to the Arizona Department of Revenue.

**Standardized Business Codes**

Beginning January 1, 2015 with the returns due in February 2015, there will be one list of business codes for the State/county and cities. For example, if you currently file under the retail classification at the state/county level (business class 017), you will file business code 017 for the city in which you conduct business in. The standardized list will be posted at [www.azdor.gov](http://www.azdor.gov) once they are finalized.

**Standardized Deduction Codes**

Beginning January 1, 2015 with the returns due in February 2015, there will be one list of deduction codes for the 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. The standardized list will be posted at [www.azdor.gov](http://www.azdor.gov) once they are finalized.

**ADDITIONAL CITIES JOINING THE STATE COLLECTION PROGRAM**

Effective January 1, 2015, Bullhead City, Somerton and Willcox will be joining the state collection program. The rates will be posted at [www.azdor.gov](http://www.azdor.gov) once they are finalized.

**TOWN OF CAMP VERDE UPDATE**

Town Council for the Town of Camp Verde has decided to rescind Ordinance 2014-A398 which was to remove the exemption (q) food for home consumption under Retail Sales: Exemptions effective December 1, 2014. Therefore, at this time, there will be NO CHANGE in the retail sales tax line for Camp Verde and NO TAX on food for home consumption.

**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. The city business codes are now standardized to match the state business codes as follows:

<b>SOUTH TUCSON (F)</b> .....	<b>ST</b> .....	<b>PMA</b>
Advertising	018	4.50%
Amusement	012	4.50%
Contracting - Prime	015	4.50%
Contracting - Speculative Builders	016	4.50%
Contracting-Owner Builder	037	4.50%
Job Printing	010	4.50%
Manufactured Buildings	027	4.50%
Timbering and Other Extraction	020	2.50%
Severance -Metal Mining	019	0.10%
Publication	009	4.50%
Hotels	044	2.50%
Hotel/Motel (Additional Tax) <sup>(B)</sup>	144	1.50%
Residential Rental, Leasing, and Licensing for Use	045	2.50%
Commercial Rental, Leasing, and Licensing for Use	213	2.50%
Rental, Leasing, and Licensing for Use of TPP	214	4.50%
Restaurants and Bars	011	5.50%
Retail	017	4.50%
Retail Sales Food for Home Consumption	062	1.50%
Communications	005	4.50%
Transporting	006	4.50%
Utilities	004	4.50%

**COCONINO COUNTY TRANSPORTATION TAX UPDATE**

Rates are expected to increase effective **January 1, 2015**. For more information, please visit our website at [www.azdor.gov](http://www.azdor.gov) or contact the Department’s Taxpayer Information & Assistance Section at (602) 255-2060 or toll-free from 520 or 928 area code at (800) 843-7196.