



# Transaction Privilege Tax Changes and News

This publication is an informational notice for May 2016.

Customer Care: (602) 255-3381 or toll-free from area codes 520 or 928: (800) 352-4090

[www.azdor.gov](http://www.azdor.gov) or [www.AZTaxes.gov](http://www.AZTaxes.gov)

## NEWS

### NEW REPORTING FORMS

The Arizona Department of Revenue will soon be implementing changes to transaction privilege tax (TPT) reporting, as required by law. We have created two new TPT forms, [TPT-2](#) and [TPT-EZ](#), to simplify taxpayer reporting. While the TPT-2 form looks different from its predecessor, [TPT-1](#), much of the required information is unchanged except for the statutorily required location-based reporting at the city level. We created the TPT-EZ form for the roughly 195,000 taxpayers who report tax liabilities for only one location.

If you have one location and receive pre-printed TPT forms in the mail from the Department, you will receive the new TPT-EZ form. Please note the state/county/reservation and city transaction detail sections are now separated and the city section now has the statutorily required location-based reporting at the city level – meaning you will file by location on the city lines. This form can also be filed online at [AZTaxes.gov](#).

We anticipate these changes taking effect with the June return that taxpayers file in July. If you have questions about these changes, please contact the Department at 1-844-698-9176 or email at [TPTSimplificationAssistance@azdor.gov](mailto:TPTSimplificationAssistance@azdor.gov).

We strongly encourage taxpayers to file online via the [AZTaxes.gov](#) website for faster processing and fewer errors.

### OWN TWO OR MORE LOCATIONS?

A.R.S. §42-5014.H provides that any person who is engaged in or conducting business in two or more locations or under two or more business names must electronically file their tax return(s). If your business falls into these categories, the Department is going to attempt to contact you in person or by mail to help you register your business on [AZTaxes.gov](#). If you do not hear from us and would like assistance, please call 1-844-698-9176 or email at [TPTSimplificationAssistance@azdor.gov](mailto:TPTSimplificationAssistance@azdor.gov).

### TPT LOCATION NUMBER/CODE

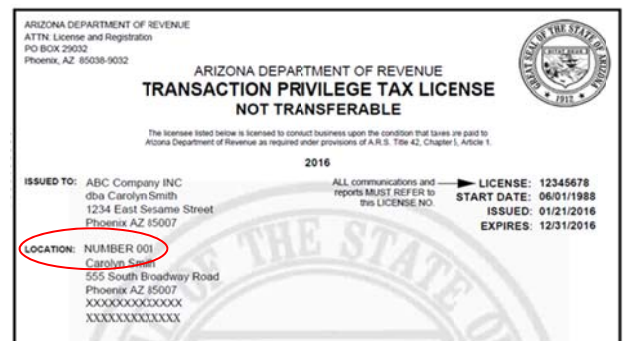
The location number(s) of your business can be found on your Transaction Privilege Tax (TPT) License, as assigned by the Department of Revenue. The unique location code is used to identify the physical address of each location of a business in a jurisdiction per license number. In the near future, this 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. 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](http://www.azdor.gov)





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## AVAILABLE RESOURCES

The Department is offering classes statewide on its website, [www.azdor.gov](http://www.azdor.gov), under Taxpayer Education that can help you understand the new forms and requirements. You can also register to receive updates from the Department by email or text message. To subscribe, visit [www.azdor.gov](http://www.azdor.gov) and click on "GET THE LATEST INFORMATION" from the right hand menu. You may opt out at any time.

## RATE CHANGES

### CITY OF SAN LUIS

**Effective June 1, 2016:** On March 23, 2016, the Mayor and Council of the City of San Luis passed Ordinance No. 348. Ordinance No. 348 adopted **Local Option V** which modifies Section 7A-460 (d) Retail Sales of the City Tax Code.

Option V, imposes a two-tier tax on retail sales for a single item that exceeds \$2,500. When gross receipts from the sale of a **single item** of tangible personal property exceeds **\$2,500**, the **four percent (4.00%)** shall apply to the first \$2,500. This is reported using Business Code (**SU 017**). The portion that exceeds \$2,500 shall be taxed at **one and one half percent (1.50%)** and shall be reported using Business Code (**SU 467**).

### CITY OF WINSLOW

**Effective July 1, 2016:** In a Special Election held March 8, 2016, the City of Winslow was authorized to continue the **Additional one percent (1%) Privilege Tax**. Ordinance 1263 was passed and adopted by the Council of the City of Winslow, April 12<sup>th</sup>, 2016. Ordinance 1263 amended Article VII of the Winslow City Tax Code and section 4.08.050 of the Winslow Municipal Code. The tax was approved for an additional five years beginning July 1<sup>st</sup>, 2016. The provisions of the tax imposed shall cease on or after July 1<sup>st</sup>, 2021, unless reauthorized by the qualified electors of the city at an election called for this purpose. The privilege tax rate for Winslow will continue at **three percent (3%)**.

### 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**).

### TOWN OF GILA BEND

**Effective July 1, 2016:** On April 26, 2016, the Mayor and Council of the Town of Gila Bend passed Ordinance No. 16-01. Ordinance No. 16-01 amended the Town Code to increase the tax rate on certain business classifications from **3%** to **3.5%**. This affects the following business classifications:

Amusement (**GI 012**), Contracting – Prime (**GI 015**), Contracting – Speculative Builders (**GI 016**), Contracting – Owner Builders (**GI 037**), Feed at Wholesale (**GI 116**), Job Printing (**GI 010**), Manufactured Buildings (**GI 027**), Timbering and Other Extraction (**GI 020**), Publication (**GI 009**), Hotels (**GI 044**), Rental, Leasing, & Licensing for Use of Tangible Personal Property (**GI 214**), Restaurant and Bars (**GI 011**), Retail Sales (**GI 017**), Retail Sales Food for Home Consumption (**GI 062**), MRRA Amount (**GI 315**), Transporting (**GI 006**), Utilities (**GI 004**).



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## TOWN OF GILA BEND (CON'T)

The tax rate for the following business classification is excluded from the increase and will remain at **three and one half percent (3.5%)**: Communication (GI 005).

The tax rate for the following business classification is excluded from the increase and will remain at **one and one half percent (1.5%)**: Use Tax Purchases (GI 029), Use Tax From Inventory (GI 030).

The tax rate for the following business classification is excluded from the increase and will remain at **two percent (2%)**: Hotel/Motel (Additional Tax) (GI 144).

The tax rate for the following business classification is excluded from the increase and will remain at **one tenth of one percent (.10%)**: Severance – Metal Mining (GI 019).

The tax rate for the following business classifications are excluded from the increase and will remain at **three tenth of one percent (.30%)**: Use Tax Purchases (Gross Receipts > \$500,000) (GI 439), Use Tax From Inv (Gross Receipts > \$500,000) (GI 440).

The tax rate for the following business classifications are excluded from the increase and will remain at **three cents per gallon (.03/gal)**: Jet Fuel Sales (cents per gallon) (GI 049), Jet Fuel Use Tax (cents per gallon) (GI 051).

## REMINDERS

### Transaction Privilege Tax (TPT) is always due on the 20<sup>th</sup> of the month.

Arizona Revised Statute (A.R.S.) § 42-5014 states that transaction privilege tax is due on the 20<sup>th</sup> 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) **Friday, May 27, 2016**.

**If you are filing by mail or in person**, your TPT-1 return and payment must be received no later than **Friday, May 27, 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.

### 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](http://www.azdor.gov/Forms/TransactionPrivilegeTax.aspx)**