



Instructions for Completing the Marijuana Excise Tax Return (MET-1)

ARIZONA DEPARTMENT OF REVENUE

www.azdor.gov

Online Filing

Go to www.AZTaxes.gov

Notice for all filers: You may not file this return until you have been issued both a Transaction Privilege Tax (TPT) license and Marijuana Excise Tax (MET) registration number.

Mailing Address

Arizona Department of Revenue
PO Box 29010
Phoenix, AZ 85038-9010

Customer Service Center Locations

Phoenix Office

1600 W Monroe
Phoenix, AZ 85007
8:00 a.m. - 5:00 p.m.
Monday through Friday
(except Arizona holidays)

Tucson Office

400 W Congress
Tucson, AZ 85701
7:00 a.m. - 6:00 p.m.
Monday through Thursday
8:00 a.m. - 12:00 p.m. Friday
(except Arizona holidays)

Mesa Office

55 N Center
Mesa, AZ 85201
(This office does not handle billing or account disputes.)

Customer Service Contact Information

**TPT Licensing and MET Registration
(Arizona Department of Revenue)**

Phoenix Area

(602) 255-3381

Within Arizona

1 (800) 352-4090

**Adult Use Marijuana Business Licensing
(Arizona Department of Health Services)**

M2Dispensaries@azdhs.gov

The Marijuana Excise Tax Return (MET-1) is used by marijuana businesses, licensed by the Arizona Department of Health Services to sell adult use (i.e., non-medical) marijuana to final consumers. The Arizona Department of Revenue requires the business to file and report their monthly marijuana excise tax (MET) liability due on those sales.

USE THIS FORM TO:

- **Report** monthly MET liability on **Adult Use/Recreational Marijuana**
- **Report all inventory changes**, including Medical and Adult Use/Recreational Marijuana
- **Amend** a previously filed MET return, or
- **File** a final return and cancel a business's existing MET registration.

IMPORTANT: To avoid delays in processing of your return, we recommend you read these instructions and refer to them as needed to ensure you have accurately entered all the required information.

- Please complete Section I, Section II and Section III.
- Please complete the MET-1 prior to completing the TPT reporting form.
- Additional information and forms are available at www.azdor.gov.

The following numbered instructions correspond to the numbers on the Form MET-1.

Section I: TAXPAYER INFORMATION

- Provide the **ADOR Excise Registration Number** that the Department of Revenue has issued to the business.
- For the **Taxpayer Identification Number**, provide the business's Federal Employer Identification Number (FEIN). Taxpayers are required to provide their taxpayer identification number (TIN) on all returns and documents. A TIN is defined as the federal employer identification number (EIN). A penalty of \$5 will be assessed by the Department of Revenue for each document filed without a TIN.
 - la. If the return is amending a MET-1 return that was already filed for a tax period, check this box. Be sure to note the period you are attempting to change. When amending you must complete the entire form, the new MET-1 will **OVERRIDE** the one previously submitted.
 - lb. If the return is the final MET-1 return being filed for the business and the Department of Revenue should thereafter cancel the business's MET registration, check this box.
- Provide the date of the first day of the month for which you are reporting in **Period Beginning** and the date of the last day of the month in **Period Ending**. For example, if the return is being filed for February 2022, enter "02012022" for Period Beginning and "02282022" for Period Ending. This reported month will also be referred to as the Tax Period in these instructions

You may not use one MET-1 form to report for more than one Tax Period (month). An adult use marijuana retail business is required to report monthly.

- Provide the legal **Business Name** as listed on your successful registration or the MET license certificate.
- For **Address** information, provide the mailing address (number and street) where all MET-related correspondence is to be sent (e.g., home address, corporate headquarters, accounting firm's address, etc.) including any specification as to who such correspondence should be in care of in the "C/O" space.
- If this is a new mailing address from one that has been provided on a previously filed MET-1 return, check the Address Changed box.

Please avoid marking within any of the remaining empty fields in Section I. These are used internally by the Department of Revenue.

Section II: INVENTORY SCHEDULE

The purpose of this schedule is to report any change in **all** marijuana inventory, this includes additions to inventory, sales, transfers, testing, returns to manufacturers and items destroyed. Each line in the Inventory Schedule represents transaction detail relating to one of three marijuana product Types (Marijuana, Edible, or Other) for one TPT Location.

For each line:

- In column (G), enter the **TPT Location Code** number corresponding to the retail location for which you are providing additional information on this line. This number can be found on your Transaction Privilege Tax (TPT) license certificate.
- In column (H), enter the **Total Net Sales Amount of Adult Use/Recreational marijuana** by the product Type you specified in column (I). This amount represents the total dollar amount of **sales to the final consumer** for the product Type during the Tax Period specified in Section I. **This number DOES NOT include tax collected or factored.**
- In column (I), specify the marijuana product **Type** (Marijuana, Edible, or Other) for the detail on this line.
- In column (J), specify the **Unit of Measure** for the Type in column (I). All transaction details provided in columns (K) through (R) on this line must be provided using the same unit of measure. The unit of measure for all types in column (I), will be in **grams, ounces or pounds**. What is required is the level of THC in the product.
 - An example of the calculation of the THC measurement of Edibles into pounds: You purchased 2500 packages of cookies for your inventory. A package of cookies weighs 12 ounces. The amount of THC in one package of cookies is 20 grams. The total number of packages added to inventory for the period is 2500. The grams of THC is 50,000. (2500 pkgs. X 20 grams) To convert the grams into pounds the total number of grams must be divided by 453.592. (453.592 is the number of grams per pound) The result is 110.23 pounds.
- In column (K), provide the **Beginning Inventory** for the Type in column (I) at the TPT Tax Location in column (G) on the first day of the Tax Period.
- In column (L), provide the total **Additions to Inventory** of the Type in column (I) received at the TPT Location in column (G) during the Tax Period. The total should include any product purchases, and transfers to the location that increased its inventory on hand.
- In column (M), provide the total amount of **Returns to Manufacturer/Processor** for any reason of the Type in column (I) taken out of the inventory at the TPT Tax Location in column (G) during the Tax Period.
- In column (N), provide the total amount of product of the Type in column (I) taken out of the inventory at the TPT Tax Location in column (G) as **Transfers to Other Retail Locations** during the Tax Period.
- In column (O), for **Products Taken Out of Inventory**, provide the total amount of product of the Type in column (I) that was taken out of inventory at the TPT Location in column (G) during

the Tax Period that was sent for **testing and destroyed during the process**. You will also include products that were distributed free of charge to staff, customers or anyone else for any purpose and product unsuitable for sale to final consumers. Other changes to inventory will include changes due to moisture loss, miscounts and destruction/waste. This list is not an exhaustive list and any other changes should be included. Please note: You are **REQUIRED** to keep accurate records of these changes to inventory.

Use tax should be reported on the TPT return for the following items:

- **Items tested and destroyed during the testing process.**
- **Products that were distributed free of charge to staff, customers or anyone else for any purpose.**
- **Items taken out of inventory by the business for its own use.**

If the testing result requires you to destroy marijuana because it cannot be sold to the public, the destroyed marijuana WILL NOT be subject to use tax.

Use tax is reported on your TPT reporting form as items removed from inventory. Report the cost of this item as subject to use tax using Business Code 030.

- In column (P), provide the total **Quantity of Medical Marijuana Sold to Final Consumers** holding a medical marijuana card of product of the Type in column (I) at the TPT Location in column (G) during the Tax Period. **Note: Column (P) should be reported in unit measure. These sales are NOT reported in column (H).**
- In column (Q), provide the total **Quantity of Adult Use/Recreational Marijuana Sold to Final Consumers** of product of the Type in column (I) at the TPT Location in column (G) during the Tax Period. **Note: Column (Q) should be reported in unit measure, column (H) will reflect the price of the quantity sold in dollar amount. (less tax collected or factored).**
- Figure the **Ending Inventory** for column (R) by taking the sum of columns (K) and (L) and subtracting the sum of columns (M) through (Q) $[K+L-(M+N+O+P+Q)=R]$. **NOTE: The ending inventory will be the beginning inventory on your MET-1 reporting form for the next reporting period.**
- On line A, enter the subtotal of column (H)

Section III: TAX COMPUTATION

- The sum of the dollar amounts entered in column (H) represents **Total Net Sales Amount of Adult Use/Recreational marijuana**. This should be the same as the amount entered on Tax Computation Section III, line 1 of the return.
- For the **Total Net Sales Amount of Adult Use/Recreational marijuana**, enter the total dollar amount of adult use (non-medical) marijuana sold to final consumers in the Tax Period on this line. This total amount was calculated under column H on the Inventory Schedule (Section II).

- The current statewide **Excise Tax Rate** for adult use marijuana sales is 16 percent (0.16).
- Multiply Line 1 (Total Net Sales Amount) by Line 2 (Excise Tax Rate) and enter the **Excise Tax Due** on this line.
- By law, if you collected more tax than is calculated as due, this money must be reported and paid to the Department of Revenue. Enter any such **Excess Tax Collected** on this line.
- Add Line 3 (Excise Tax Due) and Line 4 (Excess Tax Collected) to figure the amount of **Net Tax Due** on this line.
- Enter the **Total Amount Remitted with This Return** on this line. This amount will be equal to or less than the amount entered on Line 5 (Net Tax Due).

Taxpayer's Signature

Enter your first and last name and sign and date this form. Please include a daytime phone number.

NOTE: If you wish to designate another individual as the person to contact regarding the information provided on this return, check the box next to the statement "The taxpayer designates the individual listed below as the person to contact to schedule an audit of this return and authorizes the disclosure of confidential information to this individual." The designee must sign on the line for "Paid Preparer's Signature (Other Than Taxpayer)" and provide his/her daytime phone number.

If the return has been prepared by a paid preparer who is registered with the Internal Revenue Service (IRS), that person must include his/her Taxpayer Identification Number (TIN).

Any additional penalties and interest that may be due as a result of late filing or late payment will be billed to the taxpayer.

NOTE: YOU MUST COMPLETE AND INCLUDE AN INVENTORY SCHEDULE CONTAINING TRANSACTION DETAILS FOR THE TAX PERIOD, OR THE MET-1 FORM WILL NOT PROCESS CORRECTLY AND PENALTIES MAY APPLY.