

# ARIZONA DEPARTMENT OF REVENUE

## ARIZONA TRANSACTION PRIVILEGE TAX RULING

### TPR 93-18

This substantive policy statement is advisory only. A substantive policy statement does not include internal procedural documents that only affect the internal procedures of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona administrative procedure act. If you believe that this substantive policy statement does impose additional requirements or penalties on regulated parties you may petition the agency under Arizona Revised Statutes § 41-1033 for a review of the statement.

#### **ISSUE:**

The applicability of the transaction privilege and use tax to insurance companies.

#### **APPLICABLE LAW:**

Arizona Revised Statutes (A.R.S.), Title 42, Chapter 8, Article 1 imposes the transaction privilege tax upon persons conducting business under any of several classifications within Arizona.

Title 42, Chapter 8, Article 2 imposes the use tax upon the storage, use or consumption within this state of tangible personal property purchased from a retailer.

A.R.S. § 20-226.A provides that with respect to insurers, the premium tax imposed on premium income shall be in lieu of all other demands, except for transaction privilege and use taxes as imposed by Title 42, Chapter 8, Articles 1 and 2 and certain other levies.

#### **RULING:**

Prior to a 1974 amendment of A.R.S. § 20-226, the transaction privilege and use taxes could not be imposed upon insurers subject to the premium tax. However, due to the amendment by Laws 1974, 1st Special Session, Chapter 2, Section 1, an insurer is subject to these taxes if the insurer of engages in a business activity which is taxable under any of the transaction privilege tax classifications, or if the insurer purchases tangible personal property which is subject to the use tax.

Therefore, insurers are not exempt from transaction privilege and use taxes as imposed by Title 42, Chapter 8, Articles 1 and 2.

Harold Scott, Acting Director  
Signed April 6, 1993

### Explanatory Notice

The purpose of a tax ruling is to provide interpretive guidance to the general public and to department personnel. A tax ruling is intended to encompass issues of law which are not adequately covered in statute, case law or administrative rules. A tax ruling is a position statement which provides interpretation, details or supplementary information concerning the application of the law. **Relevant statute, case law, or administrative rules, as well as a subsequent ruling, may modify or negate any or all of the provisions of any tax ruling.** See GTP 92-1 for more detailed information regarding documents issued by the Department of Revenue.