

ARIZONA DEPARTMENT OF REVENUE

ARIZONA TRANSACTION PRIVILEGE TAX RULING

TPR 93-46

(Note: On 9/24/2020 the statute cites were updated to use their new numbers. See footnotes for details. No substantive changes were made.)

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 production and sale of cinders.

APPLICABLE LAW:

Arizona Revised Statutes (A.R.S.) § 42-5072(A)¹ states that the mining classification is comprised of the business of mining, quarrying or producing for sale, profit or commercial use any nonmetalliferous mineral product.

A.R.S. § 42-5072(G)² defines "nonmetalliferous mineral product" as oil, natural gas, limestone, sand, gravel or any other nonmetalliferous mineral product, compound or combination of nonmetalliferous mineral products.

DISCUSSION:

¹ This ruling originally cited A.R.S. § 42-1310.12.A which was renumbered as A.R.S. § 42-5072(A).

² This ruling originally cited A.R.S. § 42-1310.12.G which was renumbered as A.R.S. § 42-5072(G).

Through the enactment of A.R.S. § 42-5072³, the legislature imposed the transaction privilege tax on the business of mining, quarrying or producing for sale, profit or commercial use any nonmetalliferous mineral product.

"Nonmetalliferous mineral product" is defined as oil, natural gas, limestone, sand, gravel or any other nonmetalliferous mineral product, compound or combination of nonmetalliferous mineral products. Although particular examples are mentioned, the definition is intended to include all nonmetalliferous mineral products.

Cinders are a volcanic, rock-like material which are typically removed from underground deposits. Cinders clearly fall within the definition of a nonmetalliferous mineral product. As such, the production of cinders for sale, profit or commercial use is taxable under A.R.S. § 42-5072⁴, the mining classification.

RULING:

The production and sale of cinders is a taxable activity under A.R.S. § 42-5072⁵, the mining classification.

Harold Scott, Director

Date Signed December 2, 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.

³ This ruling originally cited A.R.S. § 42-1310.12 which was renumbered as A.R.S. § 42-5072.

⁴ See footnote number 3.

⁵ See footnote number 3.