

ARIZONA TRANSACTION PRIVILEGE TAX RULING

TPR 97-4

(This ruling supersedes and rescinds Arizona Transaction Privilege Tax Ruling TPR 94-6)

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:

Transaction privilege tax exemption under the transporting classification for persons who have paid the motor carrier tax, the motor carrier fee or the light motor vehicle fee.

APPLICABLE LAW:

Prior to October 1, 1997

Arizona Revised Statutes (A.R.S.) § 42-1310.02 imposes the transaction privilege tax on the business of transporting for hire persons, freight or property by motor vehicle, railroads or aircraft from one point to another point in this state.

A.R.S. § 42-1310.02(A)(1) provides that the transporting classification does not include transporting for hire persons, freight or property by motor carriers or lightweight motor vehicles subject to a tax under Title 28, Chapter 9, Article 6.

Under Title 28, Chapter 9, Article 6, A.R.S. § 28-1599.05 imposes a motor carrier tax based on vehicle weight and miles traveled by motor vehicles weighing between 26,001 pounds and 80,000 pounds. This statute also imposes an annual motor carrier tax on each lightweight motor vehicle registered in this state which weighs between 12,001 and 26,000 pounds.

Effective October 1, 1997

Effective October 1, 1997, all Title 28 statutes are recodified. A.R.S. § 28-1599.05, which was under Chapter 9, Article 6, is recodified to § 28-5852 et seq. and placed under Chapter 16, Article 4. This section was subsequently amended to impose a motor carrier fee in lieu of the motor carrier tax. The motor carrier fee is imposed by A.R.S. § 28-5854 on each motor vehicle

weighing between 12,001 and 80,000 pounds. The fee is based on the declared gross weight of the vehicle and is payable annually at the time the motor vehicle is registered.

Under Title 28, Chapter 16, a new Article 7 is added. Under this article, A.R.S. § 28-6052 imposes, beginning on January 1, 1998, an annual light motor vehicle fee on each light motor vehicle. The fee is payable at the time the light motor vehicle is registered.

A.R.S. § 28-6051(2) defines "light motor vehicle" to mean a self-propelled motor driven vehicle that has a declared gross weight of 12,000 pounds or fewer and that is used to transport for hire persons, freight or property.

A.R.S. § 42-1310.02(A)(1) is amended to provide that the transporting classification does not include transporting for hire persons, freight or property by motor carriers subject to a fee prescribed in Title 28, Chapter 16, Article 4 or, beginning on January 1, 1998, by light motor vehicles subject to a fee under Title 28, Chapter 16, Article 7.

DISCUSSION:

Payment of the motor carrier tax, the motor carrier fee or the light motor vehicle fee, all of which are imposed under Title 28, preempts the imposition of transaction privilege tax under the transporting classification.

Prior to October 1, 1997, the motor carrier tax is imposed on motor vehicles with a declared gross weight of 26,001 pounds or greater, and on lightweight motor vehicles with a declared gross weight between 12,001 and 26,000 pounds. Vehicles with a declared gross weight of 12,000 pounds or less are not subject to the motor carrier tax.

Effective October 1, 1997, a motor carrier fee is imposed on each motor vehicle with a declared gross weight of 12,001 pounds or greater. The motor carrier fee is imposed in lieu of the motor carrier tax and is payable annually at the time the motor vehicle is registered.

Effective January 1, 1998, an annual light motor vehicle fee is imposed on each motor vehicle that has a declared gross weight of 12,000 pounds or less and that is used to transport for hire persons, freight or property. The fee is payable at the time the light motor vehicle is registered.

RULING:

Transporting for hire by motor vehicles which have a declared gross vehicle weight of 12,001 pounds or greater, and on which the motor carrier tax or motor carrier fee has been paid, is not subject to the transaction privilege tax.

Vehicles which have a declared gross vehicle weight of 12,000 pounds or less are not subject

to the motor carrier tax or the motor carrier fee. Transporting for hire with such vehicles is taxable under the transporting classification, until January 1, 1998.

Effective January 1, 1998, transporting for hire by vehicles which have a declared gross vehicle weight of 12,000 pounds or less and which are subject to the annual light motor vehicle fee, is not subject to transaction privilege tax.

Mark W. Killian, Director

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 that are not adequately covered in statute, case law or administrative rules. A tax ruling is a position statement that provides interpretation, detail, or supplementary information concerning 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 96-1 for more detailed information regarding documents issued by the Department of Revenue.