



# Arizona Department of Revenue TPT Newsletter

Issue 12

Arizona Department of Revenue

December 2019

## NEWS

### TPT File and Pay Thresholds Changing January 2020

Businesses with an annual transaction privilege tax (TPT) and use tax liability of \$5,000 or more during the prior calendar year will be required to file and pay electronically starting in February 2020 for the January reporting period. Additionally, businesses filing returns electronically are eligible to receive up to \$2,000 back through the enhanced accounting credit for e-filing. Businesses failing to file and pay electronically are subject to the following penalties:

- Five percent of the tax amount due for filing a paper return. The minimum penalty is \$25, including filings with zero liability.
- Five percent of the amount of payment made by check or cash.

To file and pay online, a business must be registered on [www.AZTaxes.gov](http://www.AZTaxes.gov) and utilize Automated Clearance House (ACH) Debit, e-check or credit card as a payment method to comply with electronic funds transfer (EFT) payment requirements. Visit <https://azdor.gov/transaction-privilege-tax-tpt> for details.

### 2020 TPT License Renewals

The Arizona Department of Revenue (ADOR) began sending renewal letters to businesses in November to renew their 2020 TPT License. The due date to renew a TPT license is January 1, 2020. TPT licenses are valid for one calendar year, from January 1 through December 31. Licenses renewed within the calendar year must still be renewed. Failure to renew or renewals received after January 1 will incur penalties and/or late fees. For more information, visit <https://azdor.gov/transaction-privilege-tax/tpt-license/renewing-tpt-license>.

### 2020 TPT Due Dates Calendar

For TPT filers needing to determine filing and payment deadlines, the 2020 TPT Filing and Payment Due Dates calendar is now available. Go to <https://azdor.gov/transaction-privilege-tax/due-dates> to download. Please remember that a TPT return must be submitted even if no taxes are due.

## TAX CHANGES

### City of Phoenix

#### ***New 2020 threshold amounts for retail sales and use tax two-level tax rate structure under the comprehensive transportation plan***

Phoenix voters approved Proposition 104 in the August 25, 2015 city election to fund a comprehensive transportation plan. The plan maintains and expands light rail and bus routes, improves city streets, and provides residents with more transportation choices. This voter-approved initiative increased the transaction privilege and use tax by three-tenths of one penny per dollar (0.3%) for certain business activities and created a two-level tax structure imposed on sales or purchases of "big-ticket" items under the retail sales and use tax business classifications. The new tax is effective for 35 years and began on January 1, 2016, as authorized by the Phoenix City Council under Ordinance S-41591 and Ordinance G-6073. Click link for additional details <https://www.phoenix.gov/financesite/Documents/Taxpayer%20Bulletin%20to%20Fil%202020.pdf#search=retail>.

## UPCOMING EVENTS

### BUSINESS TAX BASICS WORKSHOPS

#### STATEWIDE (VIA-WEBEX):

Wednesday, December 12, 2019  
1:00pm - 4:00pm

Wednesday, January 8, 2020

1:00pm - 4:00pm

#### CENTRAL PHOENIX (IN-PERSON):

Wednesday, December 18, 2019  
9:00am - 12:00pm

Wednesday, January 22, 2020

9:00am - 12:00pm

#### TUCSON (IN-PERSON):

Wednesday, December 18, 2019  
9:00am - 12:00pm

Wednesday, January 15, 2020

9:00am - 12:00pm

#### MESA (IN-PERSON):

Monday, January 13, 2020  
9:00am - 12:00pm

### PROPERTY MANAGEMENT/ RESIDENTIAL RENTAL WORKSHOPS STATEWIDE (VIA-WEBEX):

#### PMC Community Connections

Wednesday, December 18, 2019  
12:00pm - 1:00pm

Thursday, March 19, 2020

12:00pm - 1:00pm

ADOR workshops cover topics such as licensing, filing and more. Visit [www.azdor.gov/taxpayer-education](http://www.azdor.gov/taxpayer-education) for registration information.



(602) 255-3381 or toll-free at (800) 352-4090



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



APPLY | FILE | PAY



### **Town of Kearny**

On November 18, 2019, the Mayor and the Council of the Town of Kearny approved Ordinance No. 19-213 to increase the transaction privilege tax (TPT) rate from three percent (3.0%) to four percent (4.0%). This Ordinance also removed Model Option 15, which added two new rates: Use Tax Purchases (029) and Use Tax From Inventory (030) at four percent (4.0%). This Ordinance also adopted Local Option JJ, which exempts the Town of Kearny from Use Tax. Rates that will change on the Transaction Privilege and Other Tax Rate Table are referenced below:

**(018)** Advertising 4%, **(012)** Amusements 4%, **(010)** Job Printing 4%, **(027)** Manufactured Buildings 4%, **(020)** Timbering and Other Extraction 4%, **(009)** Publication 4%, **(044)** Hotels 4%, **(144)** Hotel/Motel (Additional Tax) 4%, **(214)** Rental, Leasing, & Licensing for Use of TPP, 4%, **(011)** Restaurant and Bars 4%, **(017)** Retail Sales 4%, **(062)** Retail Sales Food for Home Consumption 4%, **(315)** MRRA Amount 4%, **(005)** Communications 4%, **(006)** Transporting 4%, **(004)** Utilities 4%, **(029)** Use Tax Purchases 4%, **(030)** Use Tax From Inventory 4%.

**Effective Date: January 1, 2020**

### **Mohave County**

The Mohave County General Excise Tax enacted in January 2000 expires on December 31, 2019. As of January 1, 2020 the total combined rate for most transactions will be 5.6%. The rate change will affect the following classifications:

**(002)** Non metal Mining 3.125%, **(004)** Utilities 5.6%, **(005)** Communications 5.6%, **(006)** Transporting 5.6%, **(007)** Private Railcar 5.6%, **(008)** Pipelines 5.6%, **(009)** Publishing 5.6%, **(010)** Job Printing 5.6%, **(011)** Restaurant & Bar 5.6%, **(012)** Amusements 5.6%, **(014)** Rentals of Personal Property 5.6%, **(015)** Prime Contracting 5.6%, **(017)** Retail 5.6%, **(025)** Transient Lodging (Hotel/Motel) 5.5%, **(049)** Jet Fuel Excise Tax 3.05¢, **(315)** MRRA 5.6%, **(325)** Online Lodging Marketplace 5.5%, **(605)** Marketplace Facilitated or Remote Retail Sales 5.6%.

**Effective Date: January 1, 2020**

### **Navajo County**

On August 27, 2019 County voters approved a new Jail Tax. The tax is 0.33% as authorized in A.R.S. §48-4022. As of January 1, 2020 the total combined rate for most transactions will be 6.43%. The new tax will effect a rate change as follows:

**(002)** Non metal Mining 3.643%, **(004)** Utilities 6.43%, **(005)** Communications 6.43%, **(006)** Transporting 6.43%, **(007)** Private Railcar 6.43%, **(008)** Pipelines 6.43%, **(009)** Publishing 6.43%, **(010)** Job Printing 6.43%, **(011)** Restaurant & Bar 6.43%, **(012)** Amusements 6.43%, **(014)** Rentals of Personal Property 6.43%, **(015)** Prime Contracting 6.43%, **(017)** Retail 6.43%, **(025)** Transient Lodging (Hotel/Motel) 6.38%, **(049)** Jet Fuel Excise Tax 3.5563¢, **(315)** MRRA 6.43%, **(325)** Online Lodging Marketplace 6.38%, **(605)** Marketplace Facilitated or Remote Retail Sales 6.43%.

For Prime Contractors: Any increase in the rate of tax does not apply to contracts entered into or pursuant to written bids made by prime contractors on or before August 27, 2019. To qualify for the reduced rate, the prime contractor must maintain documentation to verify the date of the contract or written bid. Gross income received from pre-existing prime contracts will be reported under Class **112**.

**Effective Date: January 1, 2020**





# Arizona Department of Revenue

## TPT Newsletter

### LEGISLATIVE UPDATES

#### The Sale of Propagative Materials

- From and after **November 30, 2019**, the state and county no longer imposes TPT on the sale of propagative materials to commercial producers of agricultural, horticultural, viticultural or floricultural crops in Arizona.
- For city privilege tax purposes, cities with populations of less than 50,000 may continue to impose the city privilege tax on the sale of propagative materials until **June 30, 2021** and those with populations of over 50,000 may continue to do so until **December 31, 2019**.
- Cities that will not impose a tax on propagative materials from and after **December 31, 2019** include Avondale, Flagstaff, Glendale, Goodyear, Lake Havasu, Peoria, Surprise, Tempe.
- Propagative materials sold to commercial producers of agricultural, horticultural, viticultural or floricultural crops in Arizona are not taxable after **June 30, 2021** by any city.

### REMINDERS

#### TPT Filing Frequency and Due Dates

TPT filers are reminded of the following **November 2019** TPT filing deadlines:

- **December 20** - TPT return due date
- **December 30** - Paper returns must be received by ADOR by 5 p.m. on this date
- **December 31** - Electronic returns must be received by ADOR by this date

### DID YOU KNOW

- **Deduction Codes:** You can access a listing of all city deduction code changes online at <https://azdor.gov/transaction-privilege-tax/deduction-codes>.
- **Live Chat:** ADOR Live Chat is available on the [www.AZDOR.gov](http://www.AZDOR.gov) and [www.AZTaxes.gov](http://www.AZTaxes.gov) websites, Monday through Friday, from 8 a.m. to 5 p.m.
- **Credit/Debit Card Payments:** Tax payments may be made using debit or credit cards online at AZTaxes.gov or in person at all three of its offices. Service charges apply.
- **TPT License Cancellations:** If you close your business, you must cancel your TPT license to avoid fees and penalties.
- **TPT Returns Without Payment:** Sending returns without payment generates a bill. ADOR recommends sending returns with all applicable fees/payments to avoid receiving a bill.
- **Online Lodging Marketplace:** An online lodging marketplace is any digital platform that provides, at a cost, an unaffiliated third party with a platform to rent lodging accommodations. Visit [azdor.gov/transaction-privilege-tax/online-lodging-marketplace](https://azdor.gov/transaction-privilege-tax/online-lodging-marketplace) for more information.
- **Economic Nexus:** House Bill (H.B. 2757) introduced a new economic (dollar-based) nexus standard for businesses that have no physical presence in AZ. Visit <https://azdor.gov/transaction-privilege-tax/retail-sales-subject-tpt/out-state-sellers/economic-threshold> to see if your out-of-state business is required to license and file.
- **Out-of-State businesses** licensed under the remote seller tax law that went into effect on October 1 are reminded to use **Business Code 605** (Retail Classification). The tax applies to remote sellers and marketplace facilitators that have no physical presence in Arizona and meet certain economic thresholds.
- **Remote sellers and marketplace facilitators** with questions may reference the **Out-of-State Sellers** resource page at <https://azdor.gov/transaction-privilege-tax/retail-sales-subject-tpt/out-state-sellers> or contact the E-Commerce Compliance and Outreach (ECCO) team by phone 833-293-7253 (833-AZeSale) or by email [azesale@azdor.gov](mailto:azesale@azdor.gov).

\***NOTE:** All other TPT taxpayers, Arizona Department of Revenue representatives are available to answer questions and provide assistance by phone [(602) 255-3381] or by ADOR's Live Chat feature at [www.azdor.gov](http://www.azdor.gov).

### EDUCATION, TUTORIALS AND TRAINING

ADOR makes available online tutorials on setting up AZTaxes, new user registration, understanding location codes, filing an electronic TPT return and more. To access online tutorials and resources, visit [azdor.gov/taxpayer-education](https://azdor.gov/taxpayer-education).

