



Transaction Privilege Tax Changes and News

This publication is an informational notice for September 2017.

Customer Care: (602) 255-3381 or toll-free from area codes 520 or 928: (800) 352-4090

www.azdor.gov or www.AZTaxes.gov

NEWS

RESIDENTIAL RENTAL INFORMATION

Every residential rental property owner is required to obtain an Arizona transaction privilege tax (TPT) license from the Arizona Department of Revenue (ADOR) for each location where residential rental income is taxable.

Also, property owners, who rent out residences for periods of less than 30 days, must have a TPT license and report and remit TPT under the transient lodging classification for State, County and City.

This applies regardless if the owner rents the property themselves or employs a property management company.

Residential rental owners can get license application forms, tax forms and other information regarding residential rental taxation from the ADOR website. To file and pay taxes online, which is required for any taxpayer that has more than one taxable property, register for an account at www.AZTaxes.gov.

Property Management Companies

ADOR is also reminding Property Management Companies (PMCs) to make sure their clients are properly licensed for TPT.

Additionally, the agency is advising PMCs of the following licensing and filing changes:

- PMCs will no longer need a TPT license for filing residential rental TPT on behalf of their clients. PMCs that own taxable residential rental properties will still maintain their own TPT licenses.
- ADOR is currently working on a new electronic bulk upload function that will improve the filing process for PMCs.
- ADOR is targeting January 2018 to have the new electronic licensing and filing functionality ready for customers.

Residential rental rates can be found in the Arizona State, County and City Transaction Privilege and Other Tax Rate Tables under business code 045. Rates vary by city.

More information can be found on azdor.gov under Transaction Privilege Tax, Reporting Guides, and Residential Rental.

ADOR has a special hotline and dedicated email for residential rental taxpayers with questions about transaction privilege tax filing and payment. A residential rental owner can direct all TPT inquiries to: residentialrental@azdor.gov or by calling: 602-716-RENT (7368).

STATE TPT LICENSE RENEWAL

REMEMBER to renew your TPT State License with the Arizona Department of Revenue!

If your business has not renewed your TPT State License for 2017, ADOR will be sending you a renewal letter.

Businesses will receive one renewal notice per license from ADOR regardless of where the business is located. After renewal fees have been paid, the department will mail the new State TPT License.

Businesses required to register for TPT prior to operating, but do not do so, may be subject to penalties. Operating without proper licensing is a class 3 misdemeanor – depending on business activity.

We encourage business owners to register and pay the renewal fees on AZTaxes.gov.



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TAX TIPS

- Remember to file your TPT Return for August activity.
- Your AZTaxes password must contain at least one number, one letter and one special character and must be 8 to 16 characters long.
- Even if your business didn't make any taxable sales or purchases for the Use Tax component, you still need to file your TPT return.
- The City Credit on a TPT return can only be taken by owner-builders or speculative builders, not by construction contractor.
- Remember to click "Submit" when submitting a TPT return on AZTaxes. Clicking "Save" does not submit your return.

RATE CHANGES

CITY OF KINGMAN

On August 15, 2017, the Mayor and Council of the City of Kingman passed Ordinance No. 1830R. Ordinance No. 1830R amended the City Tax Code by removing the December 31, 2017 sunset date; increasing the rate of taxation from **two and fifty-hundredths percent (2.5%)** to a rate of **three and fifty-hundredths percent (3.5%)**; providing penalties for the violation thereof; providing for severability, making provision for existing contracts, and designating an effective date.

Effective November 1, 2017, the tax rate for the following business classifications will increase from **two and fifty-hundredths percent (2.5%)** to a rate of **three and fifty-hundredths percent (3.5%)**:

This change affects the following business classifications:

Advertising (business code **KM 018**), Amusement (**KM 012**), Contracting – Prime (**KM 015**), Contracting – Speculative Builders (**KM 016**), Contracting – Owner Builders (**KM 037**), Job Printing (**KM 010**), Manufactured Buildings (**KM 027**), Timbering and Other Extraction (**KM 020**), Publication (**KM 009**), Hotels (**KM 044**), Rental, Leasing, & Licensing for Use of Tangible Personal Property (**KM 214**), Restaurant and Bars (**KM 011**), Retail Sales (**KM 017**), MRRA Amount (**KM 315**), Communications (**KM 005**), Transporting (**KM 006**), Utilities (**KM 004**), Use Tax Purchases (**KM 029**), Use Tax from Inventory (**KM 030**).

CITY OF TUCSON

Effective September 1, 2017: On June 20, 2017, the Mayor and Council of the City of Tucson passed Ordinance No. 11472. Ordinance No. 11472 amended the City Tax Code to reduce fees on recreation vehicle campers that currently met the definition of hotels. The fee was reduced from **\$4 per night to \$2 per night** for the RV parks only.