



Transaction Privilege Tax Changes & News

This publication is an informational notice for December 2018

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

Visit us at www.AZDOR.gov or www.AZTaxes.gov

NEWS

2019 TPT License Renewals

The due date to renew a TPT license is Jan. 1, 2019. All businesses licensed with the Arizona Department of Revenue (ADOR) are required to renew their [Arizona Transaction Privilege Tax \(TPT\) License](#). TPT licenses are valid for one calendar year, from January 1 to December 31. Licenses renewed within the calendar year must still be renewed at the start of the following calendar year.

Taxpayers must renew the license before carrying on with business in Arizona. Failure to renew the license may be subject to penalties.

ADOR strongly encourages taxpayers to renew online via the AZTaxes.gov for easier renewals and faster processing. State law requires taxpayers with multiple business locations to renew their TPT license electronically.

All fees are payable to ADOR using the license number issued by the department. The renewal fee is also due at the time of renewal and can be paid via AZTaxes.gov with e-check or ACH debit if that option is currently set up on an account. For a new TPT license issued by ADOR, the cost is \$12 plus applicable city fees of up to \$50 per jurisdiction.

For assistance on completing a license renewal through AZTaxes, view our [video tutorial](#) or review [Renewing a TPT License](#).

Final TPT Filing Deadline for 2018

November's activity filing deadline is December 20. Electronic payment must be submitted by 5 p.m. MST on December 28, and paper returns must be received by this date. Electronic returns must be received by December 31.

A TPT return must be submitted even if no taxes are due.

ADOR's Next Phase of Electronic TPT Filing and Paying

In 2019, ADOR will take another step to provide enhanced customer service through electronic filing and paying. Not only is e-filing and paying more secure and faster for taxpayers, but it is also critical for ADOR to deliver a more results-driven customer-focused management system that produces enhanced services for Arizonans.

Most importantly, electronic filing and paying saves money. Taxpayers who file electronically are eligible to receive up to a \$2,000 reduction of tax due thanks to the enhanced annual accounting credit for e-filing. To file and pay online, a business must be registered to use AZTaxes.gov and use ACH debit as a payment method to comply with electronic funds transfer payment requirements.

Taxpayers filing TPT electronically during a calendar year are able to claim an increased accounting credit from **1 percent to 1.2 percent**. This increases the total calendar year credit limit from **\$10,000 to \$12,000**. For taxpayers who file paper TPT returns, the accounting credit remains unchanged at **1 percent** and a total calendar year credit of **\$10,000**.

Additionally, effective dates for future TPT e-file/e-pay for businesses that have the following liabilities in the previous calendar year are as follows:

- \$5,000 beginning Jan. 1, 2020
- \$500 beginning Jan. 1, 2021

Please note that taxpayers required to file an electronic return will be subject to a penalty of 5 percent of the tax amount due for filing a paper return. Taxpayers required to pay electronically will also be subject to a penalty of 5 percent of the amount of payment made by check or cash. All penalties will be a minimum of \$25, including for filings with zero liability.

For more information on TPT, including TPT filing and paying requirements, visit www.azdor.gov/transaction-privilege-tax-tpt.

TAX CHANGES

Town of Marana

On Oct. 16, 2018, the Town Council of Marana passed Ordinance No. 2018.020, which amends the Town of Marana tax code by decreasing the rate of taxation from the existing rate of **2.5% to a total of 2%**. This change affects the business classifications below.

Effective Jan. 1, 2019, the business codes are as follows:

Amusement (**MA 012**); Job Printing (**MA 010**); Manufactured Buildings (**MA 027**); Timbering and Other Extraction (**MA 020**); Publication (**MA 009**); Hotels (**MA 044**); Commercial Rental, Leasing & Licensing for Use of Real Property (**MA 213**); Rental Occupancy (**MA 040**); Rental, Leasing & Licensing for Use of Tangible Personal Property (**MA 214**); Restaurants and Bars (**MA 011**); Retail Sales (**MA 017**); MRRRA Amount (**MA 315**); Transporting (**MA 006**); Use Tax Purchases (**MA 029**); Use Tax from Inventory (**MA 030**).

The tax rate in the following business classes of the tax code of the Town of Marana will be decreasing from **4.5% to 4%**:

- Communications (**MA 005**)
- Utilities (**MA 004**)

The tax rate in the following business classes of the tax code of the Town of Marana will not change:

- Contracting - Prime (**MA 015**)
- Contracting - Owner Builder (**MA 037**)
- Hotel/Motel (Additional Tax) (**MA 144**)
- Severance - Metal Mining (**MA 019**)

Additionally, Ordinance 2015.020 repeals Local Option V, which removes the following business classifications:

- Retail Sales - Single Item Portion over \$5,000 (**MA 357**)
- Use Tax Purchase - Single Item Portion over \$5,000 (**MA 359**)

City of Flagstaff

On June 19, 2018, the Council of Flagstaff passed Ordinance No. 2018-22, which amends the city of Flagstaff Tax Code Section 3-05-003-03220 by reducing the license fee from **\$46 to \$20** and creating an annual license renewal fee of **\$20**; all relating to City of Flagstaff regulations specifically encompassing the licensing and registration of businesses, and providing for the repeal of conflicting ordinances and providing severability.

The change in the license fee goes into effect **Jan. 1, 2019**, and the annual license renewal fee goes into effect **July 1, 2018** to be in effect for the **2019 renewals**.

City of Kingman

On Nov. 6, 2018, the voters in the City of Kingman approved Proposition 413 to reduce the transaction privilege tax to **2.5%** for the business codes referenced below.

Effective Jan. 1, 2019, the business codes are as follows:

Advertising (**KM 018**); Amusement (**KM 012**); Contracting-Prime (**KM 015**); Contracting-Speculative Builder (**KM 016**); Contracting - Owner Builder (**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 Property (**KM 214**); Restaurant and Bars (**KM 011**); Retail Sales (**KM 017**); Communications (**KM 005**); Transporting (**KM 006**); Utilities (**KM 004**); Use Tax Purchases (**KM 029**); Use Tax From Inventory (**KM 030**).

City of Douglas

On Nov. 14, 2018, the Mayor and the Council of the City of Douglas passed Ordinance No. 18-1092, which amends the City of Douglas Tax Code by increasing both Use Tax Purchases (Tax Code 029) and Use Tax From Inventory (Tax Code 030) from 2.5% to 2.8%.

Effective Jan. 1, 2019, the business codes are as follows: Use Tax Purchases (**DL 029**); Use Tax From Inventory (**DL 030**).

Town of Guadalupe

On Oct. 11, 2018, the Mayor and Council of the Town of Guadalupe passed Ordinance No. O2018.02, which adopted "The 2012-2014 Amendments to the Tax Code of the Town of Guadalupe." The provisions of this ordinance conforms to the Model City Tax Code, which is controlling.

The change has an effective date of **Feb. 1, 2019**.

City of Scottsdale

On Nov. 6, 2018 a majority of voters in the City of Scottsdale approved Question 1 to increase the transaction privilege tax to **1.75%** for the business codes referenced below as well as increase use tax rates to **1.55%** (see codes referenced with *). The rate increases will remain for **10 years** to provide funds for transportation improvement projects.

Effective **Feb. 1, 2019**, the business codes are as follows:

Advertising (**SC 018**); Amusement (**SC 012**); Contracting-Prime (**SC 015**); Contracting-Speculative Builder (**SC 016**); Contracting - Owner Builder (**SC 037**); Feed at Wholesale (**SC 116**); Job Printing (**SC 010**); Manufactured Buildings (**SC 027**); Timbering and Other Extraction (**SC 020**); Publication (**SC 009**); Hotels (**SC 044**); Residential Rental, Leasing & Licensing for Use (**SC 045**); Commercial Rental, Leasing & Licensing for Use (**SC 213**); Rental, Leasing & Licensing for Use of Tangible Personal Property (**SC 214**); Restaurant and Bars (**SC 011**); Retail Sales (**SC 017**); Retail Sales Food for Home Consumption (**SC 062**); MRRA Amount (**SC 315**); Communications (**SC 005**); Transporting (**SC 006**); Utilities (**SC 004**); Wastewater Removal Services (**SC 029**); * Use Tax Purchases (**SC 029**); * Use Tax From Inventory (**SC 030**).