



Arizona Department of Revenue

TPT Newsletter

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February 2021

Transaction Privilege Tax Changes and News

NEWS

ADULT USE MARIJUANA

In the November 3, 2020 General Election, voters approved the Smart and Safe Arizona Act (Proposition 207), which the Secretary of State certified on November 30, 2020. With this approval, the Smart and Safe Arizona Act has become effective to govern the possession, sale, and taxation of adult use marijuana in Arizona. The Arizona Department of Revenue is prepared to support businesses and register them to start collecting transaction privilege tax (TPT) and excise tax. Marijuana establishments are liable for retail TPT and Marijuana Excise Tax (MET) on adult use marijuana products immediately upon being licensed by ADHS to make such sales to Arizona consumers.

- **Medical Marijuana** - Medical marijuana dispensaries in Arizona are subject to state and local retail TPT on their sales of medical marijuana and other products sold at the dispensaries. They must hold a current TPT license with ADOR and file and pay retail TPT on these sales. Medical marijuana dispensaries that have been filing and paying TPT on their sales must contact ADOR because such sales need to be reported using a new Medical Marijuana business code on Form TPT-2. Dispensaries will only be allowed to use this code after contacting ADOR.
- **Adult Use (Non-medical) Marijuana** - Adult use marijuana businesses in Arizona are subject to state and local retail TPT on their sales of adult use marijuana and other products. Adult use marijuana retailers must report such sales using a new Adult Use Marijuana business code on [Form TPT-2](#). In addition to retail TPT, adult use marijuana retail sales are also subject to a 16% state marijuana excise tax (MET). This tax must be reported on [Form MET-1](#), which is separate from and in addition to Form TPT-2. To file and pay MET, an adult use marijuana retailer must register with ADOR in addition to applying for a TPT license.

Available Resources - Dedicated Adult Use Marijuana resource web pages are available at www.azdor.gov. This online section provides information on the adult use marijuana law that requires dispensaries to begin filing and paying transaction privilege tax (TPT) and excise tax in Arizona as well as tax requirements, frequently asked questions, examples, and other helpful information.

- The Outreach Unit will be connecting with establishments to introduce itself, assist with registration, and ensure systems are set up correctly to collect TPT and excise tax. Additionally, the team of ADOR specialists will provide guidance to businesses who also sell medical marijuana and now are selling adult use (dual licensed). The unit can be reached by email at AZTaxHelp@azdor.gov.
- Check ador.gov/taxpayer-education for upcoming adult use marijuana tax workshops, tutorials and resources.

CONSTRUCTION CONTRACTING

The Arizona Department of Revenue is delighted to expand its resources and webpages to assist contractors. The agency is continuously improving and innovating its websites to provide quick guidance to taxpayers.

The new webpages offer general information on the contracting classification, licensing, the use of exemption certificates, examples, and frequently asked questions. Additionally, the new sections provide definitions, insight into bond requirements, speculative builders, and key differences between Maintenance, Repair, Replacement and Alteration (MRRRA) and Modification.

We encourage contractors to visit the improved contracting guidelines pages and explore the enhanced information.



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



www.azdor.gov



APPLY | FILE | PAY



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TAX CHANGES

On January 11, 2021, the Mayor and Council of the Town of Colorado City approved Ordinance #2021-01, which reduces the rate of taxation for Restaurants and Bars from seven percent (7%) to three and one half percent (3.50%).

- Section 455. Restaurants and Bars

Rates that will change on the Transaction Privilege and Other Tax Rate Tables are as follows:
Restaurant and Bars, **(011)** 3.50%

Effective April 1, 2021

DUE DATE REMINDERS

TPT Filing Frequency and Due Dates*- Monthly

The downloadable 2021 printable schedule is available at azdor.gov/transaction-privilege-tax/due-dates.

TPT filers are reminded of the following **January** TPT filing deadlines:

- **February 22** - TPT return due date
- **February 25** - Paper returns must be received by ADOR by 5 p.m. on this date
- **February 26** - Electronic returns must be received by ADOR by 5 p.m. on this date

*The electronic due date for TPT return is dependent on the return and payment being timely and filed electronically.

FEEDBACK OPPORTUNITIES

Feedback Opportunities

- ***NEW* TPT Common Errors Survey** - TPT Taxpayers are invited to provide feedback to the department to understand needed resources and common filing errors. Click this link to participate in the survey <https://forms.gle/refFLR9LmE6qf8kk7>.
- ADOR accepts feedback on rulings, procedures in an ongoing effort to engage with and inform the public of state and local tax issues. For additional details visit azdor.gov/legal-research/public-comment-rulings-procedures-and-other-documents.
- Want to give feedback on TPT Tax Notices from the Arizona Department of Revenue? TPT taxpayers, click this link <https://forms.gle/WMktDYuabwJh664H8> to participate.

LEGISLATIVE UPDATE

The Arizona Department of Revenue (ADOR) administers Arizona's tax system based on laws that have been passed and signed by the governor.

- Adult use marijuana dispensaries in Arizona would fall under the Adult Use Recreational Marijuana classification (still being established); therefore businesses with adult use marijuana sales are subject to transaction privilege tax and must be licensed.
- You can find information on starting a new business at <https://azdor.gov/business>.
- Watch for new posts on AZDOR.gov that explain how licensed marijuana establishments will register, file, and pay taxes under the new laws.





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EDUCATION, TUTORIALS AND TRAINING

ADOR makes available online workshops and tutorials on topics such as setting up AZTaxes, new user registration, understanding location codes, filing an electronic TPT return and more.

All ADOR workshops are free of charge. Below are upcoming options available to taxpayers. To register or access online workshops, tutorials and resources, visit azdor.gov/taxpayer-education.

BUSINESS TAX BASICS WORKSHOPS

Phoenix and Surrounding Areas

Gilbert Public Safety Building - Amphitheatre

February 18th, 2021

9:00 a.m. – 12:00 p.m.

Statewide (via WebEx)

Wednesday, February 17th, 2021

1:00 p.m. - 4:00 p.m.

Wednesday, March 3rd 2021

9:00 a.m. – 12:00 p.m.

PMC MONTHLY ROUNDTABLE DISCUSSION

Statewide (via WebEx)

PMC Community Connection

Wednesday, March 10th, 2021

12:00 p.m. - 1:00 p.m.

AZTAXES WORKSHOPS

Phoenix and Surrounding Areas

ADOR AZ Taxes Workshop (Afternoon Session)

Gilbert Public Safety Building - Amphitheatre

Thursday, February 18th, 2021

1:00 p.m. - 3:00 p.m.

Statewide (via WebEx)

Tuesday, February 23rd, 2021

1:00 p.m. - 3:00 p.m.

ADOR POWER OF ATTORNEY WORKSHOP

Statewide (via WebEx)

Wednesday, February 24, 2021

1:00 p.m. - 3:00 p.m.

