



PMC Community Connection

Location: 1600 W. Monroe Phoenix, Arizona 85007 – WebEx Connection

Date: Friday, January 17th, 2025

Time: 12:00pm – 1:00pm

Attendee: Lorelei McClure - Education & Training Programs Manager – Education & Outreach

Matt Harris – Tax Education Trainer – Education & Outreach

Audrey Macghee - Tax Policy Manager - Taxpayer Services

Heather Racino - Customer Service Representative - Taxpayer Services

Lisa Querard - Administrator - Taxpayer Services

Agenda Items

1.	Welcome & Introduction
2.	Changes to Residential Rental Taxation
3.	Frequently Asked Questions
4.	Questions & Answers
4.	Available Resources <ul style="list-style-type: none">● Property Management Companies Resource Page● Residential Rental Guidelines Page● Power of Attorney (POA)/ Disclosure Form 285-PMC● Additional Questions? Email us at: EducationUnit@azdor.gov

Residential Rental Tax Changes

Starting *January 1, 2025*, residential rental property owners should no longer collect and remit any city transaction privilege tax (TPT) on the income derived from long-term lodging stays of 30 days or more to ADOR. ([Laws 2023, Chapter 204](#) and [A.R.S. § 42-6004 \(H\)](#)).

- This applies to licensees that are registered and have filed using business code 045 - business classification of residential rental.
- Residential rental is the rental of real property for a period of **30 or more consecutive days** for residential (i.e. noncommercial) purposes only.
- There is **no** state or county tax imposed on residential rentals.
- Starting January 1, 2025, there will be **no** city TPT.
- Property owners must still register the property with the county assessor to comply with landlord tenant laws and other compliance requirements from government entities.

For tax periods **before** January 1, 2025:

1. You must still comply with filing and payment requirements, and
2. These periods remain subject to audit as allowed by statute.

Please note: Hotel, motel, or other transient lodging businesses that book stays for fewer than 30 days must still collect and remit TPT under the transient lodging or hotel classification.

ADOR will not renew TPT licenses for taxpayers that are only registered and filing returns for residential rental. If a licensee is not engaged in any other business activity and is only using business code 045 (rental of residential real property for a period of 30 or more consecutive days), no further action or steps need to be taken to cancel your license the Department will be canceling the licenses on your behalf.

- *Be aware that cancellation of the license will not exempt the licensee from previous tax liabilities or taxes related to periods before January 1, 2025. If liabilities are unpaid, enforcement actions may be taken.*

Expiration of the Residential Rental Tax FAQs

- **How will I file under residential rental for periods prior to January 1, 2025 if the business code is obsolete?**
 - Taxpayers will not be able to select the residential rental classification when filing their TPT return for periods *after* December 2024, but the business code will be available when filing for *prior periods*.

- **I have bookings that are less than 30 days. Will this residential rental change impact my license or filing?**
 - Hotel, motel, or other transient lodging businesses that book stays for fewer than 30 days must still collect and remit transaction privilege tax under the transient lodging or hotel classification.

- **What do I do to prepare for the residential rental tax change?**
 - To prepare for January 1, 2025, accurately keep transaction and rental records to distinguish income subject to the following tax classifications: Residential Rental, Leasing, & Licensing for Use (045), Hotels (044), Hotel/Motel (Additional Tax) (144), Transient Lodging (025), and Commercial Rental, Leasing, & Licensing for Use (213).
 - If a licensee is only using business code 045 and not engaged in any other business activity, the license will be canceled by ADOR. Please also file any missing tax returns and pay outstanding tax liabilities for prior tax periods. Canceling the license does not exempt the licensee from previous tax liabilities or taxes that have not been reported. If liabilities are unpaid, enforcement actions may be taken. Please visit [TPT Tutorials](#) on azdor.gov for more information.

- **Will I need to renew my license for 2025 if I only operated residential rentals?**
 - If you rent real property for a period of 30 or more consecutive days for residential purposes only and not commercial, you do not need to renew your license. For 2025, ADOR will not renew licenses for taxpayers that are only registered and file returns for residential rental.



- **I am only filing under business code 045, residential rental, what do I do with my license?**
 - ADOR is canceling licenses that only use business code 045 and are not engaged in any other business activity. Be aware that cancellation of the license will not exempt you from previous tax liabilities or taxes that have not been reported. If liabilities are unpaid, enforcement actions may be taken.

- **I file under business code 045 residential rental AND other business codes, what do I do with my license?**
 - If you are engaged in other business activities along with using business code 045 on the same license, ADOR is removing the location(s) associated with business code 045. Please ensure the locations and business code are removed when filing your first 2025 TPT return.
 - Please also file any missing tax returns and pay outstanding tax liabilities for prior tax periods.
 - Canceling the license will not exempt the licensee from previous tax liabilities or taxes that have not been reported. If liabilities are unpaid, enforcement actions may be taken.

PMC Resources:

- PMC Resource Page:
<https://azdor.gov/business/transaction-privilege-tax/residential-rental-guidelines/property-management-companies-pmc>

- Residential Rental Guidelines Page:
<https://azdor.gov/business/transaction-privilege-tax/residential-rental-guidelines>

- Form 285-PMC:
<https://azdor.gov/forms/poa-and-disclosure-forms/residential-rental-property-dis-closureauthorization-form>



Open Session Q&A

1. If a client continues to re-book their lodging, and it totals more than 30 days, will they have to remit TPT?
 - a. Anything that is booked for 30 days or more consecutive days will be considered residential rental. Anything that is booked for less than 30 consecutive days is considered short-term/transient lodging.
 - b. If you book a week at a time and continue to renew weekly, it is still considered short-term/transient lodging, as it is determined by the period at which you book.

2. If a taxpayer had a TPT license for their long-term residential rental (045), and it was subsequently closed by ADOR, but they wanted to turn it into a short-term rental, can the license be re-opened?
 - a. Yes, it can be done within a 6 month period, but if that period is exceeded, the license would have to be renewed.