



Arizona Department of Revenue

TPT Newsletter

[What's New](#) | [Reporting Guide](#) | [Rates](#) | [Quick Reference](#)

February 2024

Transaction Privilege Tax Changes and News

2024 TPT LICENSE RENEWALS

A transaction privilege tax license is used for collecting and remitting state, county, and city taxes. Businesses licensed with the Arizona Department of Revenue (ADOR) were required to renew their TPT license by January 1, 2024. If you have not already done so, visit the [Renewing a TPT License web page](#) for details.

Once a business has renewed their TPT license and paid the license in full, the information is validated, and the new TPT license certificates are generated and sent to the mailing address on file with ADOR.

Renewing your license online when you applied for an application through paper

1. To renew your license, go to www.AZTaxes.gov.
2. Log in using your username and password.
3. Click "License Renewal" in the 'Action' section of your Business List or select "License Renewal" on the left-hand navigation bar. (You will need the pertinent information for renewal, any changes, payment information, and your e-signature PIN.)

If you do not see these options, you have not linked your account to your TPT license or the primary user has not given you access to renew the license. See [AZTaxes User Access](#) for more information on primary and delegate users.

TPT LICENSE CANCELLATIONS

If your business closes, you must cancel your TPT license to avoid fees and penalties. Visit <https://azdor.gov/transaction-privilege-tax/tpt-license/license-fees-cancellation-and-other-changes> for instructions on canceling your TPT license.

THRESHOLD REMINDER

TPT Electronic Filing and Paying Thresholds

TPT filers with an annual total tax liability of \$500 or more are required to file electronically. Visit the [Transaction Privilege Tax web page](#) on the ADOR website for more information.

Economic Nexus Thresholds

Economic nexus is established if the following thresholds either were met in the previous calendar year or are met in the current year.

For a *marketplace facilitator* Arizona gross sales (before any deductions) of more than \$100,000 in sales.

For a *remote seller* Arizona gross sales (before any deductions) of:

- \$200,000 (2019)
- \$150,000 (2020)
- \$100,000 (2021 and beyond)

Visit the [Economic Threshold web page](#) on the ADOR website.



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



www.azdor.gov



APPLY | FILE | PAY



FILING FREQUENCY

The Arizona Department of Revenue requires that you file your TPT return according to your assigned tax liability until your tax liability exceeds the filing thresholds. TPT filing frequency is determined by the amount of a business' total estimated annual combined Arizona, county, and municipal TPT liability.

- **Annually: Less than \$2,000** estimated annual tax liability.
- **Quarterly: \$2,000 - \$8,000** estimated annual tax liability.
- **Monthly: More than \$8,000** estimated annual tax liability.

To change your filing frequency, you must request through a [Form 10193 Business Account Update](#) and send it to the address on the form; this function cannot be completed online. Your tax liability will be reviewed, and if it falls within the thresholds, your filing frequency will be changed during the next available filing period. **NOTE:** If there are delinquencies on your business account, the filing frequency cannot be changed.

DUE DATE REMINDERS

TPT Filing Frequency and Due Dates*- *Monthly*

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

- **February 20** - TPT return due date
- **February 28** - Paper returns must be received by ADOR by 5:00 p.m. on this date
- **February 29** - Electronic returns must be received by ADOR by 5:00 p.m. on this date

*The electronic due date for TPT return is dependent on the return and payment being timely and filed electronically. **It is highly encouraged to pay three business days prior to the last business day of the month (February 26) to ensure your payment is accepted and processed into ADOR systems.**

SHORT-TERM RENTALS FOR WINTER EVENTS

Short-term residential rentals are lodging rental stays for less than 30 days. The income from short-term rental stays is subject to Arizona transaction privilege tax (TPT). See Arizona Revised Statutes (A.R.S.) § 42-5070 and the Model City Tax Code (MCTC) -444 and -447.

If a property owner is only renting their residence for an event, they will need a seasonal Arizona TPT license. They may also need a *business license* for the city where the residence is located, which is different from a TPT License. Please contact the specific city for the *business license*, as the Arizona Department of Revenue does not issue *city business licenses*. A seasonal TPT license is obtained from the Department's website, [AZTaxes.gov](#), and choosing the seasonal filing frequency option on the application. The license should be active for the month of the event (the TPT return would be due the following month) or the length of renting the home. This license will be **active until it is canceled**. In addition, a property owner/operator is required to include the TPT license number on any advertising associated with the short-term rental.

An owner/operator or property manager of the short-term rental that takes bookings directly should use business code 025 to report lodging bookings for less than 30 days for the state/county. The business code used to report these types of transactions for the cities is 044 for Hotels. Some cities impose an additional hotel tax; please use business code 144 to report the additional hotel for those cities. See the Arizona Department of Revenue's [Tax Rate Table](#) for more information on which city has an additional hotel rate.

An owner/operator or property manager of a short-term rental that utilizes an online lodging marketplace (OLM) should report income using the business codes as outlined above for reporting to the state/county and the city where the





property is located. However, 100% of the income received from the OLM should be deducted using deduction code 775. The OLM is responsible for collecting and remitting the TPT due from the rental income. For more information, please see the [OLM Factsheet](#).

After an event, owners who will not continue in the short-term rental business should [cancel their seasonal TPT license](#).

BOND FOR CONTRACTORS

New contractors, out-of-state contractors without a principal business location in Arizona, and contractors who have displayed a history of TPT noncompliance are generally required to provide a bond to the Department to ensure payment of taxes. The Annual Bond Exemption expires on July 31 of each calendar year.

The agency is continuously improving and innovating its websites to provide quick guidance to taxpayers. The dedicated web page for bonds offers general information on bonding requirements, licensing, exemption certificates, and frequently asked questions. We encourage contractors to visit the [Bond for Contractor page](#).

FILING YOUR TAX RETURN

E-filing helps ADOR deliver better, faster, more cost-effective government for Arizona. Some noted taxpayer benefits for e-filing include:

1. More secure
2. Faster processing
3. Fewer errors and miscalculations
4. The enhanced accounting credit for e-filing

While more taxpayers are filing electronically, below are some common mistakes associated with paper filing known to cause significant processing delays:

1. Incorrect information, i.e., deduction/region code
2. SSN or EIN written in place of TPT license number
3. Submitting duplicate returns
4. Inaccurate or miscalculated totals
5. Using non-black ink

TAX CHANGES

Town of Sahuarita - *Effective date of March 1, 2024.*

The Town of Sahuarita passed Ordinance 2023-170 on December 11, 2023. Ordinance amends the Town Code and removed Model Option 15, which creates a local Use Tax with a rate of two percent (2.00%). The Ordinance also removed Model Option 13 from the Code to allow for a Utility Service tax credit offset for franchise fees paid to the Town pursuant to the terms of a franchise agreement. The rate of tax on Utilities is increased from two percent (2.00%) to four percent (4.00%). The Town is also adopting:

- Local Option Z - exempting sales/purchases of college textbooks by any bookstore that are required by any state university or community college.
- Local Option HH - exempting certain types of charitable donations from the Use tax requirement for the donor.
- Local Option PP - exempting sales of electricity or natural gas to manufacturing or smelting operations or a business that operates an international operations center in the state and that is certified by the Arizona Commerce Authority.

The (4.0%) affects the following business classifications:
Utilities (**004**).



The (2.0%) affects the following business classifications:
Use Tax Purchases **(029)**; Use Tax from Inventory **(030)**.

Medical and Adult Use Marijuana:
Use Tax Purchases **(029)**; Use Tax from Inventory **(030)**.

City of Williams - Effective date of April 1, 2024.

The City of Williams is withdrawing Model Option 6 from MCTC 444 which removes the term transient from the hotel classification and replaces it with person. The City is also increasing the rate for the hotel classification from 4.5% to 5.5%. In addition, the City is adopting MCTC 447 which adds rental, leasing, and licensing for use of real property: additional tax upon transient lodging to their tax code.

On January 25, 2024, the City of Williams passed Ordinance 1003. The Ordinance amends the City Code by increasing the hotel rate to five and one-half percent (5.50%) and adopting a local transient lodging tax by withdrawing Model Option #6, and adding a rate under hotel/motel additional tax of five and one-half percent (5.50%).

The (5.50%) affects the following business classifications:
Hotels **(044)**; Hotel/Motel (Additional Tax) **(144)**.

TPT TIPS

- Keep your password, e-signature PIN, and security questions in a secure location.
- A password reset is required every 90 days.
- Be prepared - e-signature PIN reset requests require 24 hours to process.

EDUCATION, TUTORIALS AND TRAINING

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](https://www.azdor.gov/taxpayer-education).

WORKSHOPS

ADOR Business Tax - (Via WebEx)

Wednesday, February 21, 2024

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

Wednesday, March 6, 2024

9:00 a.m. - noon

ADOR AZTaxes - (Via WebEx)

Tuesday, February 27, 2024

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

Property Owners - (Via WebEx)

Thursday, February 29, 2024

9:00 a.m. - noon





Arizona Department of Revenue *TPT Newsletter*

ADOR Business Tax - (In-Person)

City of Peoria
Peoria City Hall
8401 E. Monroe St.
Peoria, AZ 85345
Wednesday, March 6, 2024
9:00 a.m. - noon

Property Management Company - (Via WebEx)

These workshops are offered as a series and it is recommended to take them in order. Space in each class is limited so visit the [Taxpayer Education web page](#) to sign up today.

Workshop 1: Licensing and Power of Attorney
Monday, March 11, 2024
1:00 p.m. - 2:30 p.m.

Workshop 2: Engaging, Disengaging, and More
Tuesday, March 12, 2024
1:00 p.m. - 2:30 p.m.

Workshop 3: File, Pay, Amend, and More
Wednesday, March 13, 2024
1:00 p.m. - 2:30 p.m.

ON-DEMAND TAX EDUCATION TUTORIALS: Please visit <https://azdor.gov/taxpayer-education/tpt-tutorials>.

