



Arizona Department of Revenue

TPT Newsletter

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[March 2024](#)

Transaction Privilege Tax Changes and News

RESIDENTIAL RENTAL TAX CHANGES

[A.R.S. § 42-6004 \(H\)](#) has been amended to prohibit a city, town, or other taxing jurisdiction from levying a transaction privilege, sales, gross receipts, use, franchise or other similar tax or fee, however denominated, on the business of renting or leasing real property for residential purposes. (Lodging spaces rented for 30 days or more). Currently, there is no state transaction privilege tax (TPT) or county tax imposed on residential rentals.

Therefore, Arizona cities will not be able to impose a tax on residential rentals from and after December 31, 2024. The Arizona Department of Revenue (ADOR) will be issuing guidance on this in the coming months.

RENEW 2024 TPT LICENSES NOW

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 your business has not renewed your TPT license for 2024, ADOR will be sending you an automatic renewal billing letter soon. This renewal letter indicates if the taxpayer has overdue renewal fees. Businesses will receive one renewal notice per license from ADOR, regardless of where the business is located.

Businesses should act now to avoid penalties and delays in receiving their TPT License.

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 to be sent to the mailing address on file with ADOR.

- To renew your license, go to www.AZTaxes.gov.
- Log in using your username and password.
- 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, the primary user has not given you access to renew the license, or the business has already renewed the license. See [AZTaxes User Access](#) for more information on primary and delegate users. For more information, visit [AZDOR's Renewing a TPT License web page](#).

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.



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



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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 **February** TPT filing deadlines:

- **March 20** - TPT return due date
- **March 28** - Paper returns must be received by ADOR by 5:00 p.m. on this date
- **March 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 (March 26) to ensure your payment is accepted and processed into ADOR systems.**

FILING YOUR TPT RETURN

Arizona statute requires centralized licensing and reporting of transaction privilege tax (TPT) which may mean you must file electronically. A paper Form TPT-EZ can only be used for businesses with one location and less than \$500 in annual TPT and use tax liability. Failure to comply with the electronic filing and payment requirements may result in penalties.

Adding a location or filing electronically triggers the requirement for that tax period and beyond.

We strongly encourage taxpayers to file online through the [AZTaxes.gov](#) website for faster processing and fewer errors.

TPT FOR SPECIAL EVENTS

Arizona is well known for its year-round events, including farmer's markets, festivals, fairs, craft shows, and rodeos. All individuals and businesses making sales, including selling crafts, are required by the Arizona Department of Revenue (ADOR) to be licensed and responsible for TPT. This is required even if selling only one time per year at special events. ADOR is reminding those who host these events and the sellers on site with their products to consider potential tax compliance requirements for these events.

Please visit [www.AZTaxes.gov](#) to apply for a TPT license online.

SPRING TPT REMINDER

Six steps to consider in cleaning up your accounts

Springtime is nearly here, a time that many go about the rituals of spring cleaning; tidying up and opening windows and doors to let the winter dust and dirt out. As a part of the spring cleaning process, here are seven taxpayer reminder areas to consider for spring cleaning your transaction privilege tax (TPT) accounts:

1. **Mailing Address:** Maintain a current mailing address on your transaction privilege and use tax licenses, as well as your corporate and withholding accounts (only for correspondence delivery).
2. **Locations:** Add new and/or close unused locations for TPT licenses. Failure to close a location can result in license fees when renewing. (If you moved locations, you must close the prior location and add the new location).



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3. Existing TPT Licenses: Cancel or close an existing unused TPT license. Failure to close your TPT license can result in penalties for not renewing.
4. DBA Changes: Make changes to "Doing Business As" (DBA) name.
5. New Additions: Add new reporting jurisdictions, new business codes, or business or rental locations.
6. Corporate Officer or Owner: Businesses should keep their owner/officer information current, as this is how ADOR representatives authorize callers.

To make these changes, business taxpayers log into their AZTaxes account, click on "View" in the "Actions" column on the "Business List" page and click on "Account Update." Owner/officer changes are submitted through the [Business Account Update form](#).

Among your "housekeeping" responsibilities during this spring cleaning season, consider these updates as a worthwhile investment of your time and effort to organize, increase productivity and get a sense of accomplishment that your accounts are up to date. There is no time like the present, why not get started today?

HOW TO LINK EXISTING TPT LICENSE NUMBER TO THE NEW USER ACCOUNT

The Department encourages businesses to license their business through AZTaxes for quicker registration and processing of their application, along with streamlined filing and paying transaction privilege and withholding taxes.

Apply for a New License

When applying through AZTaxes, the first step is creating an account (user account) and applying for a license. The steps to create an account are as follows:

1. Go to www.AZTaxes.gov.
2. Click on "Enroll to File and Pay Online" under Businesses.
3. Complete the required fields annotated with a red asterisk.
4. Read and check the Terms of Use policy acceptance box.

Click "Register." You will receive two emails from Noreply@azdor.gov within 24 hours. The first email will contain your username, and the second will provide a temporary password. Please check your spam folder if you do not find these emails in your inbox.

For visual instructions on creating a user account, see: https://youtu.be/5H_X8HOBPf0.

Connecting an Existing License to User Account

If you are required to file and pay electronically but originally applied for a license by paper, you must create a user account through AZTaxes and link (or connect) the user account with the existing TPT License. Do not reapply for a license through AZTaxes if you already have a license.

Instead, you will link the license and user account. Similarly, when you open a bank account in person, they do not create an online login for you, but you create an online account and connect your bank account with your login.

For visual instructions on linking your account, see this video: <https://youtu.be/gd3BGDmYNkM>.

FILING FACTS

- If your primary user email no longer exists, you will need to register as a new user for AZTaxes. ADOR recommends this be an officer/owner of the business. [Review the fact sheet](#) for instructions on registering a new user. Once registered, complete a Business Account Update to change the primary user to the new user account.





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- See the [Deduction Codes web page](#) for a list of deduction codes. Make sure you are claiming the correct deduction codes on your TPT return.
- Remember to click "Submit" when submitting a TPT return on AZTaxes. Clicking "Save" does not submit your return.

COMMON ERRORS

ADOR wants businesses to be successful when filing their business' transaction privilege tax returns. The main reason TPT paper returns do not process correctly is that they are filed by paper! Filing online at [AZTaxes.gov](#) reduces the chance for errors because most of the information included on your return is pre-populated for you based on your TPT license information.

If you must file by paper and have an annual waiver in place, let's make sure to file appropriately. (Businesses with an annual transaction privilege tax (TPT) and/or use tax liability of \$500 or more during the prior calendar year are required to file and pay electronically.)

Watch the [Common Errors video](#) to learn some of the top reasons returns do not process correctly to your TPT account and how they can be avoided.

For more helpful tips and error explanations, see the [Notice and Correspondence Resource Center](#).

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)**.

Town of Payson - Effective date of May 1, 2024.

On February 6, 2024, the Town of Payson passed Ordinance 964. The Town is amending the Town Tax Code to increase the transaction privilege rate from two and eighty-eight hundredths percent (2.88%) to three and eighty-eight hundredths percent (3.88%). Providing for severability; providing for penalties and declaring an emergency.

The Town does allow for a pre-existing rate under the construction contracting classification. The rate imposed on gross receipts from construction contracting shall be computed based on the rate in effect when the contract was executed.

The (3.88%) affects the following business classifications:
Advertising **(018)**; Amusements **(012)**; Contracting Prime **(015)**; Contracting -Speculative Builders **(016)**; Contracting - Owner Builder **(037)**; Job Printing **(010)**; Manufactured Buildings **(027)**; Timber and Other Extraction **(020)**; Publication **(009)**; Hotels **(044)**; Commercial Rental, Leasing, and Licensing for Use **(213)**; Rental, Leasing, and Licensing for Use of TPP **(214)**; Restaurants and Bars **(011)**; Retail Sales **(017)**; Retail Sales Food for Consumption **(062)**; MRRR Amount **(315)**; Communications **(005)**; Transporting **(006)**; Utilities **(004)**.

Medical and Adult Use Marijuana:
Medical Marijuana Retail Sales **(203)**; Adult Use Marijuana Retail Sales **(420)**; Retail Sales (Accessories/Ancillary Products) **(017)**; Medical Marijuana Restaurant **(221)**; Adult Use Marijuana Restaurant **(421)**.

Remote Seller and Marketplace Facilitator:
Retail Sales **(605)**; Retail Sales Food for Home Consumption **(606)**; Marketplace Facilitators in Arizona Retail Sales **(017)**; Marketplace Facilitators in Arizona Retail Sales Food for Home Consumption **(062)**; Marketplace Facilitators in AZ Third Party Sales **(605)**; Marketplace Facilitators in AZ Third Party Sales Food for Home Consumption **(606)**.

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.

WORKSHOPS

ADOR Business Tax - (Via WebEx)

Wednesday, March 20, 2024
1:00 p.m. - 4:00 p.m.

Wednesday, April 3, 2024
9:00 a.m. - noon

ADOR Common TPT Errors and How to Avoid Them - (Via WebEx)

Thursday, March 21, 2024
1:00 p.m. - 2:00 p.m.

Thursday, April 4, 2024
10:00 a.m. - 11:00 a.m.



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Automobile Dealer Business - (Via WebEx)

Tuesday, March 26, 2024

9:00 a.m. - noon

ADOR Marijuana Taxation - (Via WebEx)

Thursday, March 28, 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, April 8, 2024

10:00 a.m. - 11:30 a.m.

Workshop 2: Engaging, Disengaging, and More

Tuesday, April 9, 2024

10:00 a.m. - 11:30 a.m.

Workshop 3: File, Pay, Amend, and More

Wednesday, April 10, 2024

10:00 a.m. - 11:30 a.m.

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

