

PRIVILEGE TAX RATE

State and County	6.35%
Prescott	<u>2.00%</u>
Total	8.35%

Local Bed Tax: 3%*

*Note that there is an additional 3% Bed Tax on Hotel/Motel and transient lodging. The State also imposes a different rate of 6.325% for transient lodging. The combined rate is 11.325%

There are certain activities that are taxed only by the City and not by the State. These include advertising, residential and commercial rental. For these transactions, the combined rate is only 2%.

PRESCOTT IS BECOMING A "PROGRAM CITY"

The City of Prescott is currently transitioning to centralized tax collection with the Arizona Department of Revenue (ADOR). Although the official transition has not occurred for all taxpayers, the City is having all new license applicants begin with ADOR. This means that taxpayers will register and remit the City of Prescott's Transaction Privilege Tax to ADOR. The State then disburses the collections to Prescott based on the tax reports submitted. It is very important to make sure your tax report indicates that part of the payment is designated for Prescott.

HOW DO I GET A LICENSE?

Applying for a license is done through ADOR at www.aztaxes.gov. The application is processed within 24 hours. ADOR staff is available weekdays between 8 am and 5 pm if you have any questions or need assistance. Contact toll-free at 1(844)698-9176 or by email at AskTPT@azdor.gov.

If you elect to mail in the application, ADOR will process your application, which can take several weeks. They will mail your ADOR TPT license directly to you at the mailing address you have indicated.

New license applications for contractors must be mailed to ADOR using the forms available online at www.azdor.gov. New or out of state contractors may be required to post a bond before applying for a TPT license.

WHAT IF I ALREADY HAVE A STATE TPT LICENCE?

If you have an ADOR TPT license, you can add additional cities to your license online at www.AZtaxes.gov.

If you plan to report using the paper form and are adding a region code to an existing location, you can just add a line by writing in "PR" and "PRESCOTT". If it is a completely new physical location, you can add the location by completing the Business Account Update form which is available on the ADOR website under forms then Transaction Privilege Tax. Submit the application directly to the Arizona Department of Revenue.

HOW DO I SUBMIT TAX?

Filing online is available at www.aztaxes.gov. In order to pay tax to the City of Prescott on ADOR's forms, you will enter taxable activity information on the "PRESCOTT" City Name and City Code of "PR".

A schedule of due dates is available at www.azdor.gov. The taxes are due on the 20th day of the month following the month (or other reporting period) in which the tax is collected or accrued.

Business codes are standardized for all Cities and State. Prescott's list of business codes with ADOR is as follows:

<u>Region Code</u>	<u>Bus Code</u>	<u>Description</u>
PR	018	Advertising
PR	012	Amusements
PR	213	Commercial Rental
PR	005	Telecommunications
PR	016	Speculative Builders
PR	037	Construction – Owner Builder
PR	015	Contracting - Prime
PR	144	Hotel/Motel (Additional Bed Tax)*
PR	044	Hotel/Motel
PR	049	Jet Fuel
PR	010	Job Printing
PR	027	Manufactured Buildings
PR	315	MRRA amount (tax on retail)
PR	009	Publication
PR	214	Personal Property Rental
PR	045	Residential Rental
PR	011	Restaurant and Bars
PR	017	Retail
PR	062	Retail – Sales of Food for Home Consumption
PR	019	Mining
PR	020	Timbering & Other extraction
PR	006	Transportation
PR	029	Use Tax
PR	030	Use Tax from Inventory
PR	004	Utilities

*For transient lodging, you would report with two lines on the form. Business Code 044 for Hotels (2%) and Business Code 144 for the Bed Tax (3%).

ADDITIONAL RESOURCES

Tutorials

Videos tutorials on registering on AZ Taxes, licensing and reporting to ADOR: <https://www.azdor.gov/TaxpayerEducation/Tutorials.aspx>

State Tax Laws

The Arizona State Tax Laws are available to view on www.azleg.gov under Title 42 – Taxation. ADOR also has publications available with guidelines on taxable activity at <https://www.azdor.gov/Publications.aspx>.

Model City Tax Code

The Model City Tax Code (MCTC) is a standard tax code adopted by all Cities in Arizona. The MCTC provides a greater degree of uniformity but also provides certain variation to allow local control of taxable activities and exemptions.

Prescott adopted the Model City Tax Code in 1987. The Model City Tax Code is available online at <http://modelcitytaxcode.az.gov/>.

The options for Prescott are identified under the Option Chart. Please verify that you are following the established guidelines for your business type.

Prescott's version of the Model City Tax Code is also available on our website at www.prescott-az.gov under "City of Prescott Privilege & Use Tax Code".

If you have questions, please call our office at 928-777-1268 so that we may assist you.



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PRESCOTT PRIVILEGE TAX

*Reporting Tax
to the Arizona
Department of
Revenue*

This publication is for general information regarding Transaction Privilege (Sales) Tax. For complete details, refer to the City of Prescott Privilege & Use Tax Code and related regulations. In the case of an inconsistency or omission in this publication, the language of the Model City Tax Code will prevail. The transaction privilege tax is commonly referred to as a sales tax, however, under State of Arizona law, the tax is on the privilege of doing business in Prescott and is not a true sales tax.

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