

## Residential and Commercial Rental Online Application Tips

A full YouTube video on this process is available at [www.azdor.gov](http://www.azdor.gov) > Taxpayer Education > Tutorials under [AZTaxes.gov](http://AZTaxes.gov) – [Licensing Your Business with the Arizona Department of Revenue](#)

### 1. Register an Account with [www.aztaxes.gov](http://www.aztaxes.gov)

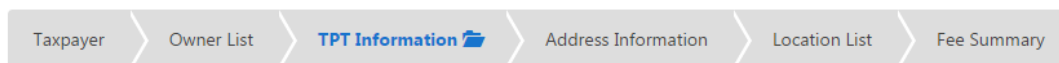
1. Click on “New User Enrollment” or “Register for an AZTaxes Account”.
2. Complete the required fields annotated with a red asterisk.
3. Read and check the acceptance box.
4. Click “Register.”
5. You will receive two e-mails from [noreply@azdor.gov](mailto:noreply@azdor.gov). The first e-mail will contain your username, and the second will provide a temporary password. If you do not find these e-mails in your inbox, please check your spam folder. If you cannot locate either or both of these e-mails, please call the Arizona Department of Revenue toll-free at 1-(844) 698-9176 weekdays only between 8 a.m. and 5 p.m. (M.S.T.)

### 2. Setup Your E-Signature PIN:

1. Log into AZTaxes.gov using your user name and the temporary password we provided in the e-mail after your registration.
2. Change your temporary password to a password of your choice. The password must contain at least one number, one letter and one special character (e.g., #, \*, &) and must be 8 to 16 characters long.
3. You will be asked to answer four security questions. Make sure you remember your answers.
4. Create a self-selected E-Signature personal identification number (PIN.) Your PIN is required to electronically sign your applications and/or returns. Your PIN must be 6 to 10 digits. Make sure you can remember your PIN.
5. Read and check the acceptance box. Then click on “Save E-Signature PIN”.

### 3. Apply for a Transaction Privilege Tax License

1. Click on “Apply for a Transaction Privilege/Use tax license with or without Withholding/unemployment tax number”
2. Enter Taxpayer information. Required fields are annotated with a red asterisk. The NAICS Sector is 53: Real Estate and Rental Leasing, then select the proper NAICS code and “Add NAICS Code”.
3. Enter Ownership Information for each owner.
4. Choose “TPT for Cities Only” under TPT Information if you do not have transient lodging (under 30 days). If you have transient lodging, select “TPT”. Calculate your tax liability for 12 months by estimating all of your rental receipts for your rental locations and multiply by the tax rate. Most rentals will qualify for annual reporting.



**Transaction Privilege Tax (TPT)** is imposed on the seller for doing business in the state. However, the cost of tax may be passed on to the customer. Various business activities are subject to transaction privilege tax. Persons engaged in business under one of the taxable business activities are required to obtain a transaction privilege tax license. Taxable business activities include retail sales, restaurants/bars, hotel/motel (transient lodging), commercial lease, amusements, personal property rentals, contracting, severance (metal mining), nonmetal mining, job printing, publishing, utilities, communications, etc. For a complete list of business activities, visit [www.azdor.gov](http://www.azdor.gov). A transaction privilege tax license certificate must be obtained for each location at which the business is conducted. License fees are assessed per location and/or jurisdiction.

**Use Tax** is the companion tax to transaction privilege tax. Businesses (or individuals) making out-of-state purchases for their own use – not for resale – on which no tax has been paid, are required to pay the use tax. Payment and reporting requirements are the same as for transaction privilege tax. There is no license fee for a use tax license. Use tax is also imposed on items taken out of inventory for a company's own use.

**Transaction Privilege Tax (TPT) for Cities Only** is used when there is a difference of taxability of transactions imposed on the seller for doing business in the state and the cities. Taxable business activities include advertising, residential rental, timbering and other extraction, etc. For a complete list of business activities, visit [www.azdor.gov](http://www.azdor.gov). A transaction privilege tax license certificate must be obtained for each location at which the business is conducted. License fees are assessed per location and/or jurisdiction.

#### Transaction Privilege and Use Tax Information

TPT  Use Tax  TPT for Cities Only

5. Enter Mailing address and location of tax records
6. Add Location of rental. The Doing Business As (DBA) would be the entity that owns the property (i.e. LLC or trust), the name of the business, or just your name if it is a sole proprietor. The address line is the physical address of the rental property.
7. Add business codes add the following codes if applicable:
  - Residential Rental: Business Code 045
  - Commercial Rental : Business Code 213
  - Transient lodging such as vacation rentals: Two Business Codes required: 044: Hotel/Motel (2%) and 144: Hotel/Motel (3%Bed Tax)
8. Region Codes: Prescott should be pre-populated under Cities based on your rental address.
9. Number of Residential Units: this is the number of units on the parcel. For example a single family home is 1 unit and a triplex is 3 units.
10. If you have more than one rental property, you would “add a location” for each.
11. Fee Summary displays license fees
12. Pay for the license using E-check.
13. Review & Submit, using PIN.
14. ADOR will process your application within 24 hours and issue a Transaction Privilege/Use Tax license number. You should receive an email notification. If your application is not successful, you will be contacted and may need to provide more information.

#### **4. File taxes and Pay Online at [www.aztaxes.gov](http://www.aztaxes.gov)**

ADOR offers free taxpayer education tutorials, which may be accessed on their website at <https://www.azdor.gov/TaxpayerEducation/Tutorials.aspx>.

#### **5. Contacts:**

Arizona Department of Revenue

AZtaxes.gov help: 1-844-698-9176

Taxpayer information & assistance: 1-602-255-3381

City of Prescott

1-928-777-1268

salestax@prescott-az.gov