

I HAVE A RESIDENTIAL RENTAL – WHAT DO I NEED TO DO?

There are 4 steps for you to do:

Effective October 1, 2010, the Town of Gilbert began imposing the 1.5% residential rental privilege tax on the rent from **EVERY** residential rental property in the Town of Gilbert. ([Read the Ordinance](#))

Landlords renting residential rental property in Gilbert are required to do the following:

STEP 1 - Report & Pay your *PAST DUE* Privilege Tax for all periods PRIOR to obtaining a Gilbert Privilege Tax License. (Complete and submit the form: [Residential Rental PAST DUE Tax Worksheet](#) or contact our office for assistance.)

STEP 2 - Apply for a Gilbert Privilege Tax License from the Arizona Department of Revenue (AZDOR) (see "Hints for Completing the Privilege Tax Application (JT-1)" on this website).

STEP 3 - Register & Reclassify your property as a Rental Property with the Maricopa County Assessor's Office (See Forms: Maricopa County Residential Rental Registration form on this website).

STEP 4 - File & Pay your *CURRENT & FUTURE* Gilbert Privilege Tax to the AZDOR (See "Hints for Completing the Monthly Privilege Tax Return (TPT-1)" on this website).

STEP 1 - REPORT & PAY your *PAST DUE* Privilege Tax for all periods PRIOR to obtaining a Gilbert Privilege Tax License.

On October 1, 2010, ALL residential rentals in Gilbert became taxable. Please see our [Residential Rental FAQs](#) for more detailed information. If your property was rented on or after October 1st, 2010, Past Due Taxes are due from that period to this date. Failure to come forward with prior tax can result in assessments and fees at a later date. You can use our online calculation form or contact us directly for assistance. We will bill you for the tax and work with you to bring your property up to date. We understand that this can be a hardship and are willing to work out arrangements to assist with getting your past due taxes paid.

STEP 2 - APPLY for a Gilbert Privilege Tax (TPT) LICENSE from the Arizona Department of Revenue (AZDOR)

In order to pay the rental tax, you must have apply for a Transaction Privilege Tax License. To apply for this license, you must complete the AZDOR Joint Tax Application (JT-1). Gilbert is a program city with the Arizona Department of Revenue (AZDOR). All applications, payments and forms are submitted through the AZDOR. AZDOR will forward your tax payments to the Town of Gilbert.

The Department of Revenue has an East Valley location in Gilbert at 275 E Germann, Building 2 in Suite 180. The cross streets are Gilbert Road and Germann Road. Their phone number is 480-545-3500 and they are open Monday-Friday; 8 am to 5 pm. They will accept applications and tax payments at this location; but are limited on taxpayer assistance. For your convenience, we have provided a partially-completed application (Residential Rental JT-1). Some of the questions have already been answered for you, and below are some hints for answering some of the other questions.

All questions with an asterisk (*) need to be answered. The Mailing Address will be your personal address or your property manager's address. General instructions for the application begin on page 5. The following are our hints for completing the form:

Section A:

#1 – TPT for Cities only

#4 – This is the legal name listed as owner on your property or business name

#12 – Rental property address - if you have more than 1 rental, see section B #12-25

#16 – Gilbert residential rentals only

#17 – 531110 for OWNERS, or

#17 – 531311 for PROPERTY MANAGEMENT COMPANIES

#18 – List each owner – if you own a property jointly with a spouse you would each have the title of owner and each of you would own 100% - you would still select Individual/Sole Proprietor as the *Type of Ownership* (Section A #2 above).

Section B:

#1 – Enter the earlier of the date you began renting the property or 10/01/2010.

#2 – Enter the earlier of date you began renting the property or 10/01/2010. Please note, if you are reporting PAST DUE taxes to the Town of Gilbert, then enter the first day of the month FOLLOWING the month through which you have reported PAST DUE taxes to the Town of Gilbert

If you owe past due taxes, please see Step 1 to submit PAST DUE amounts to the Town of Gilbert.

#4 – 013 – a State reporting code (their closest classification for reporting rental tax to Gilbert)

#9 – Use your mailing address or that of the person that will be submitting the tax form for you.

#12-25 - Additional rental locations listed here – if you need more space, please include a separate sheet. This is an Arizona Department of Revenue requirement and each rental property location needs to be listed on the application and a \$2.00 fee needs to be paid for each location.

Section C:

	No. of Loc	Total
<u>Gilbert</u>	*1.00	* 2.00
Total of City Fees		2.00
State Fees	0 x 12.00	0.00
Total Fees:		2.00

*The above fees are based on the number of locations in Gilbert you will be reporting for – they are considered “Business Locations” by State Licensing procedures and require identification on the application. If you have 3 rentals, you will list 3 under No. of Loc and owe a total license fee of \$6.00.

Section D:

Draw a line through and mark N/A on page 3 – this is for businesses with employees.

Section E:

You can request to utilize the online services at www.aztaxes.gov by **electing** to do so when you check the corresponding box and fill in the information. You will be sent an email with login information once your application is processed. Note, the AZDOR does NOT send monthly reminders to file and pay your taxes. You will be responsible for accessing their web site each month and filing and reporting your monthly taxes. If you receive your TPT License number, but do not receive instructions in an email, contact us for assistance. If you want to be mailed paper forms check the **I DO NOT** elect box.

Section F:Print the application out and make sure you **sign** in the area indicated in this section.

Please print out and mail the form to: Arizona Department of Revenue, Attn: Licensing, 1600 W Monroe, Ste 620, Phoenix, AZ 85007. The form may be filled out on-line at www.aztaxes.gov - you still have to print out and mail in the signature document along with

payment. The Arizona Department of Revenue will issue you a TPT (sales tax) number for Gilbert. Please note that it can take 6-8 weeks to receive the number from the State. If you need it sooner contact us for additional options.

STEP 3 – REGISTER & RECLASSIFY your property as a Residential Rental Property with the Maricopa County Assessor's Office.

First, make sure the rental property is classified as a legal class 4 on the County Assessor's site – www.maricopa.gov/assessor. Go to the advanced search option and enter the information to call up your property. It will list a Legal Class – the Legal Class should be 4 if it is not, you will need to complete a form to classify it as a rental. If it's already a Legal Class 4, continue below**.

Valuation Information

Tax Year:	2012	2011	2010
Full Cash Value (FCV):	\$143,500	\$171,100	\$201,500
Limited Property Value (LPV):	\$143,500	\$171,100	\$180,897

[Notice: The values displayed on this page may not reflect constitutional or statutory adjustments.](#)

Legal Class: (this needs to be changed to be a class 4)	3	3	3
Assessment Ratio:	10.0%	10.0%	10.0%
Assessed FCV:	\$14,350	\$17,110	\$20,150
Assessed LPV:	\$14,350	\$17,110	\$18,090

If you need to change the legal class for your rental, this is the link to the page where the form is located. http://www.maricopa.gov/Assessor/Residential_property_links.aspx There is also information on the penalties for not registering. Out of State owners need a local contact or statutory agent to include on this registration.

NOTE: Gilbert Tax Code does not exempt renting to family members. Renting to a family member is **NOT** exempt from residential rental tax.

**** If your property is already a Legal Class 4 – you still need to verify that it has the right information in the system. If the information is incorrect or it isn't there you need to furnish the correct information to update the record.**

This is done with the same form listed above in the beginning of **Step 3**. If you have just completed this form in **Step 3**, please go to **Step 4**. If you just completed the form it will not show up in the system immediately.

Go to Maricopa County's rental page on the Assessor's website and search for your property:

<http://www.maricopa.gov/assessor/ParcelApplication/ResRental.aspx> - you can search by address or by parcel number. If the information is in their rental database, you will be able to view the details of the property registration. Please note that this information may not be current and may have old ownership information or old property management information. If any of the information is incorrect, contact the assessor's office for instructions on how to update the information by email. You may need to complete a new registration form and submit the \$10.00 fee. The link below is for email: <http://www.maricopa.gov/Feedback/Default.aspx?Keyword1=Assessor&Keyword2=Address&> or you may call their office at 602-506-3406 if you have questions.

STEP 4 - FILE & PAY your **CURRENT & FUTURE** Gilbert Privilege Tax to the Arizona Department of Revenue.

The tax may be passed on to the tenant by adding it to the rent. If you currently have a lease, you need to verify that you will be able to pass the cost on to your tenant. If you cannot, you will need to factor the tax out of the current rent received.

Below are examples of both scenarios. Monthly rent is: \$1000.00

Tax added to rent - \$1,000 X 1.5% = \$15.00 tax. Tenant pays \$1,015.00 per month, OR

Tax not added to rent - \$1,000 ÷ 1.015 = \$985.22 rent x 1.5% = \$14.78 tax. Tenant pays \$1,000.00 per month.

Note that if the property is empty, you will submit a form showing zero (\$0.00) dollars in the tax calculation boxes. In order to be in compliance you need to submit to the State as you would for any month.

Complete Monthly Reporting Form (TPT-1) and Pay Tax

All taxpayers are required to pay monthly for the first year – you may request a quarterly or annual filing status after you have filed reports for one year. The monthly tax return is called a **TPT-1** and may be downloaded from the Arizona Department of Revenue's website: <http://www.azdor.gov/LinkClick.aspx?fileticket=mycJcDJQRPg%3d&tabid=264&mid=868>.

You may receive monthly pre-printed forms from the State, but they are also available from the above link. It is the responsibility of the taxpayer to make sure the form is filed in a timely manner. Reports may be dropped off at the East Valley location or mailed to the Arizona Department of Revenue. Reports must be postmarked by the 20th of the following month. *For example: October tax needs to be postmarked by November 20th.* The submission form is also available online at www.aztaxes.gov. You can register on the application for the online services (Section F), or at the [aztaxes.gov](http://www.aztaxes.gov) site. If you do not receive your TPT# from the State and need to submit tax, you may do so by indicating in the section/box where you put the **State License Number** – "Applied For" and include your EIN or SSN in the box below.

The **TPT-1** needs to indicate that the funds you are submitting are designated for Gilbert. This is done under the Transaction Detail section (II). Under Business Description **(A)**, write "Gilbert"; under Region Code **(B)**, write the two digit code "**GB**"; in the Business Class **(C)**, write the numeric code of "**000**" with a tax rate of 0.015 (1.5%). Please note that on the preprinted forms sent to you by the State, there may be more than one code for Gilbert – make sure you use the line indicated by the 000 business class at the 0.015 tax rate.

Following is an example of what the monthly TPT-1 report will look like – there are two examples listed under GB 000 – one with tax added, the other factoring the tax out. Remember, you will most likely have 3 lines, MAR 013, GB 000 & GB 003 on the report; the only line you need to complete is the **GB 000** the other two do not apply to residential rentals.

II. TRANSACTION DETAIL (If more reporting lines are necessary, please attach continuation pages.)

LINE	(A) BUSINESS DESCRIPTION	(B) REGION CODE	(C) BUSINESS CLASS	(D) GROSS AMOUNT	(E) DEDUCTION AMOUNT	(F) NET TAXABLE AMOUNT	(G) TAX RATE	(H) TOTAL TAX AMOUNT	(I) ACCOUNTING CREDIT RATE	(J) = (F × I) ACCOUNTING CREDIT
1	Commercial lease	MAR	013	0.00	0.00	0.00	0.005	0.00		0.00
2	Gilbert	GB	000	1,015.00	15.00	1,000.00	0.015	15.00		0.00
3	Gilbert	GB	000	1,000.00	14.78	985.22	0.015	14.78		0.00
4	Gilbert	GB	003	0.00	0.00	0.00	0.030	0.00		0.00
5										
Subtotal.....										

III. TAX COMPUTATION

The monthly (TPT-1) tax return must be postmarked or submitted online by the 20th of each month to avoid penalties and interest. If your rental is vacant, you will need to submit the monthly report showing zero income for each month it is vacant. Failure to file as required may result in a late notice from the State. Should you need assistance, please contact Linda Kramar at the Town of Gilbert. She can be reached at 480-503-6852 or by email: linda.kramar@gilbertaz.gov.