MODEL CITY TAX CODE (MCTC)

The Town of Gilbert has adopted the MCTC. The MCTC varies from the State tax laws for some taxable activities. The code is available at: www.gilbertaz.gov, search for Municipal Code. Please verify that you are following the established guidelines for your business activity.

For more detailed information, we also offer specific brochures for the following categories.

- Commercial Rental Tax
- Residential Rental Tax
- Retail Sales including Grocery items
- Hotels and Motels (Transient bed tax)
- Utilities
- Advertising
- Amusements
- Publishing and Printing
- Contracting and Speculative Builders
- Special Events
- Submitting Tax to AZDOR

TAX LICENSING FOR SPECIAL EVENTS

It is the responsibility of the organizer to provide the required documentation to the Town of Gilbert. Gilbert requires that the organizer provide a list of vendors participating in the event. Vendors that deal in taxable activities would also be asked to provide a tax identification (TPT) number. Sales made by vendors of items deemed hobby or craft related are taxable under Gilbert Town code. It is the responsibility of the participant to collect and submit sales tax on taxable items as required by local statutes.

Please note that we make every effort to provide adequate and accurate tax information. This brochure is meant as a guideline only. In case of inconsistency or omission in this publication or in verbal information, the language of the Model City Tax Code will prevail. For complete details of the code, please refer to the link on our website at — www.gilbertaz.gov/taxcompliance. A copy of the code can be provided if you do not have internet access.

The transaction privilege tax is commonly referred to as sales tax; however it is actually based on the "privilege" of doing business within the Town and is not a true sales tax.



Town of Gilbert

Special Events Tax Compliance

TAX COMPLIANCE

50 East Civic Center Drive Gilbert, Arizona 85296 480-503-6852 480-497-4943 fax www.gilbertaz.gov/taxcompliance

PRIVILEGE LICENSE

TAX RATE

State: 6.3% Gilbert: 1.5% Combined: 7.8%

SPECIAL EVENTS

Like most other cities in Arizona, Gilbert imposes a Transaction Privilege (Sales) tax on certain business activities. Privilege tax revenues help to finance various Town services and departments.

The Town of Gilbert requires vendors who are participating in taxable activities within the boundaries of Gilbert provide a tax identification (TPT) number to the organizer of the special event.

Participants/vendors are responsible to collect and submit sales tax on taxable activities as required by Gilbert Town Code. Common taxable activities at Special Events include:

Amusements: Any business charging admission for viewing, exhibition, amusement or entertainment would be taxable under this category.

Artwork: The sales of paintings, sculptures or similar works of fine art are generally taxable. Items *may* be exempt provided that such works of art are sold by the *ORIGINAL* artist and are for aesthetic use only.

The sale of "art creations", such as jewelry, macramé, glasswork, pottery,

woodwork, metalwork, furniture, and clothing, when such "art creations" have a dual purpose, both aesthetic and utilitarian are not exempt whether sold by the original artist or by another party.

Broker: A broker acting for a seller, lessor or other similar person deriving gross income shall be liable for the tax.

Food Items: Items sold for home consumption are taxable in Gilbert. This would apply to any baked goods, produce or other items generally considered "homemade" or "home grown". These items are taxable at 1.5% as the State doesn't tax food for home consumption.

Photography: The sale of photographs and all charges made by a photographer resulting in the sale of said photograph (sitting fees, developing, making prints, enlargements, retouching, etc.) for services that occur prior to the transfer of tangible personal property are taxable.

Restaurants and Bars: Any business where articles of food and/or drink are prepared or served to people for consumption, whether on or off the premises would be taxed at the combined State and Town level.

Retail Sales: Retail activity is the sale of tangible personal property to the final consumer or user. Most business activity falls under this category.

BOOTH RENTAL

The fee charged to a vendor for space to show his wares is taxable. There may be exemptions for certain types of non-profit activities. Please check with Tax Compliance if you need further information about non-profit entities.

Booth rentals are taxable under the commercial lease category and subject to a tax of 2% as broken down below.

State: 0.5% Gilbert: 1.5% Combined: 2.0%

Calculating the Tax: Although privilege tax is normally passed on to the consumer, it is actually a tax charged to the vendor for the "privilege" of doing business in Arizona. The tax can be added to the price of the item, or it can be included in the price of the item.

Submitting the Tax: Gilbert is a program city with the State of Arizona. TPT numbers are issued by the Arizona Department of Revenue. Vendors at special events may complete the short form application (#10769) online at www.azdor.gov or at the AZDOR East Valley Office located in Gilbert at 275 E Germann, Building 2 in Suite 180; the crossroads are Gilbert and Germann Roads. Their phone number is 480-545-3500. All taxes collected for Gilbert are submitted along with the State tax on the monthly TPT-1.