STATE TAX LAWS

The Arizona State Tax Laws are available to view on their website: www.azleg.gov under title 42 – Taxation.

MODEL CITY TAX CODE

The Model City Tax Code is available on our website under the "Additional Information and Links" www.gilbertaz.gov/taxcompliance. Gilbert adopted the Model City Tax Code in March of 1987. The options for Gilbert are identified under the Option Chart. Please verify that you are following the established guidelines for your business type.

If you have questions, please call our office at 480-503-6852 so that we may assist you.

TOWN OF GILBERT MUNICIPAL CODE

The Town of Gilbert has a municipal code that defines our tax code and any other local definitions that would pertain to operating a business in Gilbert, Arizona. This is available to view on our website: www.gilbertaz.gov. If you search for "municipal code" you will be able to access and research the code as it may apply to you.

TAXABLE BUSINESS CATEGORIES

It is your responsibility to submit privilege license tax to the State of Arizona.

 Commercial and Residential Rental Tax

- Retail Sales to include Grocery items
- Hotels and Motels (Transient bed tax-3% additional tax rate will apply)
- Telecommunications
- Utilities
- Advertising
- Amusements
- Publishing and Printing
- Contracting and Speculative Builders

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. 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

Reporting Tax to the Arizona Department of Revenue

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%

Local Bed Tax: 3%*

*Note that there is an additional 3% Bed Tax on Hotel/Motel and transient lodging. The State also imposes a higher rate, combined total is 11.77%.

GILBERT IS "PROGRAM CITY"

The Town of Gilbert is a "PROGRAM CTTY" with the State of Arizona. This means that the Town contracts with the Arizona Department of Revenue to collect the Gilbert Privilege License Tax. The State then disburses the collections to Gilbert based on the monthly tax reports (TPT-1) submitted. It is very important to make sure your TPT-1 indicates that part of the payment you submit is designated for Gilbert.

HOW DO I GET A LICENSE?

Applying for a license is done through the Arizona Department of Revenue. It can be done in person at their East Valley Office, online or by mail. Applications are available at the East Valley Office or from their website: www.azdor.gov

The East Valley Office is located at 275 E Germann Road, Building 2, Suite 180 in Gilbert, AZ (Crossroads Gilbert & Germann) their phone number is 480-545-3500. If you apply at their office, they will supply you with your number along with

your receipt. Your license will be mailed to you from the State of Arizona after your application is processed.

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

WHAT IF I ALREADY HAVE A STATE TPT NUMBER?

If you have an Arizona TPT number, you can add additional program cities to your license by completing the TPT License Update which is available on the Arizona Department of Revenue website under the forms category. Their website can be accessed at: www.azdor.gov. You will indicate the Program Cities you wish to add and submit the application directly to the Arizona Department of Revenue.

HOW DO I SUBMIT TAX?

The Town of Gilbert <u>DOES NOT</u> collect taxes directly. You must submit your Gilbert tax along with your State tax on their normal reporting form (TPT-1). In order to make sure the tax is broken out correctly, please follow the instructions below. Failure to do so will result in the State not correctly distributing your tax to Gilbert. TPT-1 forms are mailed from the State monthly, or you can download one from the State website: www.azdor.gov.

In Section II – Transaction Detail, you will enter the name **Gilbert** under the Business Description (A) on the first

empty/blank line. Under the Region Code (B) you will enter the initials **GB**. The Business Class (C) is **000 or 003**.

000 is the code for most Gilbert tax payments. The only time you may use the **003** classification is if your business is a hotel or other provider of transient housing. Please note that the State and County rates are also increased for this business class.

Under the Tax Rate Column for Gilbert you will use the calculation of 0.01500 for the **000** class, and 0.03000 for the **003** class. If you are using the pre-printed TPT-1 form sent to you by the State of Arizona, make sure that you are using the line with the tax rate that applies to your business. We do not allow an accounting credit on the Gilbert tax.

There are printed instructions as to completing the TPT-1 on the Arizona Department of Revenue website at: www.azdor.gov. If you have questions, you can contact them at the numbers provided on the form. The State offers several training seminars for newly licensed taxpayers. The schedule is mailed with the monthly form or it can be viewed on their website under the Newsroom category.

There is a schedule of due dates available at www.azdor.gov. You can search for "due dates" and a calendar will be available for the period you need. Please be advised that there are penalties for not submitting monthly returns as required by law.