

HOUSE BILL 2672

House Bill 2672 became effective on August 27, 2019. The passage of this bill led to some changes in how short-term residential rental properties are handled by the Town of Gilbert.

The assigned TPT License number is required to be posted in each advertisement for the property. Penalties may be assessed if the TPT License number is not placed in the advertisement. The first offense is \$250 and every offense thereafter is \$1,000.

The owner of the property is liable for any incidents at the property. The calendar for these verified violations operates as a rolling 12-month period and the fines are as follows:

- First violation: \$500.
- Second violation: \$1,000.
- Third violation: \$1,500 or 50% of gross revenue in the month of the violation.

HELPFUL WEBSITES

- Town of Gilbert
 - www.GilbertAZ.gov
- AZ Department of Revenue
 - www.AZDOR.gov
- AZ Taxes
 - www.AZTaxes.gov
- Model City Tax Code
 - www.ModelCityTaxCode.AZ.gov
- Arizona Revised Statutes
 - www.AZLeg.gov/ARSTitle

NEED MORE HELP?

Town of Gilbert Tax staff are available to assist you with your questions. You can stop by 50 E Civic Center, Monday – Thursday from 7AM – 6PM; no appointment is necessary. You can also email your questions to SalesTax@GilbertAZ.gov.

This brochure is meant to be a guideline only. For complete details, refer to the Town of Gilbert Tax Code and related regulations.

The Arizona Department of Revenue (AZDOR) administers the transaction privilege tax for the Town of Gilbert. This means that you will license, report and pay your Town of Gilbert transaction privilege taxes (TPT) to the AZDOR and they will distribute the applicable monies to the municipality.

TPT is commonly referred to as sales tax; however, it is a tax on the business and not the consumer. The business may choose to pass the tax on to their customer. It is the “privilege” of doing business within the town and is not a true sales tax.

TOWN OF GILBERT

Short-Term Residential Rentals

TAX COMPLIANCE

50 East Civic Center Drive
Gilbert, Arizona 85296

SalesTax@GilbertAZ.gov
GilbertAZ.gov/TaxCompliance

Revised March 2020

A short-term residential rental, sometimes called a vacation rental, is the rental of real property for a period of less than 30 days to the same tenant at the time of the initial reservation, for residential purposes.

When a property is rented out for 30 or more consecutive days to the same tenant at the time of the initial reservation, it becomes a long-term residential rental. For more information, please see the “Residential Rental Brochure” available at www.GilbertAZ.gov.

All rental property owners, regardless of the length of stay, are required to possess a Transaction Privilege Tax (TPT) License, file returns, and remit TPT owed. If your property is rented out through an Online Lodging Marketplace (OLM) you are still required to file the TPT return.

BUSINESS CODES & TAX RATES

Combined TPT rate: 11.57% *

Maricopa County and the State refer to this activity as Transient Lodging. When reporting Short Term rental income on the TPT return, the rates are currently 7.27% (region code MAR, business code 025).

The Town of Gilbert refers to this activity as Hotels and Hotel/Motel (Additional Tax). The region code for both is GB. The business codes are 044 for Hotels at 1.5%, and 144 for Hotel/Motel (additional tax) at 2.8%.

Rate breakdown: 1.5% + 2.8% + 7.27% = 11.57%

USING AN ONLINE LODGING MARKETPLACE (OLM)

If you use an OLM (Airbnb, VRBO, etc.), they will report and pay your TPT for rentals on their platform.

As the owner, you must maintain your own TPT license even if you use an OLM. Please report

your gross revenue and deduct the portion that was reported by the Marketplace under deduction code 775.

TAX LICENSING & REPORTING

In order to report and submit Short-Term Rental Tax, you will need to obtain a TPT License from the Arizona Department of Revenue (AZDOR). The AZDOR administers the TPT tax for the Town of Gilbert. You may apply for your TPT license, file returns and make payments via www.AZTaxes.gov.

If you already have a TPT license and/or have more than one property, or acquire additional properties under the same entity, you may add them to an existing TPT License. This is done by completing the AZDOR Business Account Update form which is located on www.AZDOR.gov.

Filing frequency is determined by the amount of a business’ total state/town combined annual tax liability. Currently the filing frequencies are:

- Annual: Less than \$2,000
- Quarterly: \$2,000 - \$8,000
- Monthly: More than \$8,000

To change your filing frequency, please complete and submit a [Business Account Update form](#) to the AZDOR. If there are any delinquencies on your account, the filing frequency cannot be changed.

GILBERT REGISTRATION

The Town of Gilbert has a registration for all short-term residential rentals *. There is no fee to register a property with the Town of Gilbert however, House Bill 2672 does require the owner to provide contact information of a person that can receive complaints in relation to the rental property.

*Please e-mail SalesTax@GilbertAZ.gov for more information about registering your property.

COUNTY REGISTRATION

Every rental property is required to register with the Maricopa County Assessor. Please visit www.mcassessor.gov and complete the “Residential Rental Property Registration” online or print and mail the form to the address listed on the form.

** There is a \$10 fee to register each property**

FACTORED TAX CALCULATION

If you elect to include the tax in the rent (no separate charge for tax), you may calculate the tax amount included in your gross income as indicated below:

$$\text{Gross rent} \div (1 + \text{tax rate}) = \text{taxable rent}$$

Example:

Gross rent:	\$ 1,000.00
11.57% tax:	$\div 1.1157$
Net taxable rent	\$ 896.30

$$\begin{aligned} \text{Gross rent} - \text{taxable rent} &= \text{tax due} \\ \$1,000.00 - \$896.30 &= \$103.70 \end{aligned}$$

TPT remitted for this example will be \$103.70 which if added to the net taxable rent will total the amount collected from the tenant.

The appropriate deduction code used is 551 Tax Factored or Collected.