

MODEL CITY TAX CODE

The Town of Gilbert has adopted the MCTC. The MCTC varies from the State tax laws for some taxable activities. The code is available through the Tax Compliance Division webpage under additional links. 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.

- Amusements
- Commercial Lease
- Residential Rental
- Restaurants and Bars
- Sales Tax Overview
- Taxable Sales Guidelines
- Vacation Rentals

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. Additional information can be found at special events planning and permits.

BUSINESS vs. TPT LICENSE

If you are going to be a vendor for a trade show, farmers market, or a festival in Gilbert, you might need a business license, and you might need a TPT license. Please refer to the [Special Event Planning and Permits](#) website for more information on business licenses. A TPT license may be necessary depending on your business. For more information on transaction privilege tax, please refer to the Town Tax Compliance Division webpage.

NEED MORE HELP?

Town of Gilbert staff are available to assist you with your questions. You can stop by 50 E Civic Center (Town Hall), Monday – Thursday from 7 AM - 6 PM; appointments are recommended.

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.

Tax Compliance

50 E Civic Center Drive
Gilbert, AZ 85296
480-503-6950

SalesTax@GilbertAZ.gov
www.GilbertAZ.gov/TaxCompliance



Like most other cities in Arizona, Gilbert imposes a Transaction Privilege (Sales) tax (TPT) on certain business activities. The following guidelines apply to activities within the Town of Gilbert.

Vendors are responsible to collect and submit TPT on taxable activities as required by [Gilbert Town Code](#). Sales made by vendors of items deemed hobby or craft related are taxable under Gilbert Town code.

The Arizona Department of Revenue (AZDOR) also has [special event resources](#) on their website.

TAX RATES

Combined TPT rate: 7.8%

Town only tax rate: 1.5%

COMMON TAXABLE ACTIVITIES

AMUSEMENTS (Business Code 012)

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

Broker

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

RESTAURANT AND BARS (011)

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 taxable under this category.

RETAIL SALES (017)

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

Artwork (Retail Sales 017)

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.

Photography (Retail Sales 017)

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.

FOOD FOR HOME CONSUMPTION (062)

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 does not tax Food for Home Consumption.

Booth Rental

(Commercial Lease 013, 213)

The fee charged to a vendor for space to show merchandise is taxable. There may be exemptions for certain types of non-profit activities. Please contact the Tax Compliance staff if you need further assistance. Booth rentals are taxable under the Commercial Lease activity and subject to the tax rate of 2.0%.

LICENSING & REPORTING

In order to report and submit your Gilbert TPT returns and payments, you will need to obtain a Transaction Privilege Tax (TPT) license from AZDOR. You may apply for your TPT license, file returns and make payments at [AZTaxes.gov](#)

If you already have a TPT license, you will need to add the region code GB to your license. It is not necessary to add a

location unless you have a constant presence in the Town. NOTE: You may be billed a \$2 license fee if you do not already have the Town on your TPT license.

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

- Annual: Less than \$2,000
- Quarterly: \$2,000 - \$8,000
- Monthly: More than \$8,000
- Seasonal: Less than eight (8) months
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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.

FACTORING TAX

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

Gross income ÷ (1 + tax rate) = net taxable

Example:

Gross income: \$ 3,000.00

7.80% tax: ÷ 1.078

Net taxable income: \$ 2,782.93

Gross income - net taxable = tax due

\$3,000.00 - \$2,782.93 = \$217.07

TPT remitted for this example will be \$217.07 which if added to the net taxable amount will total the amount collected.

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