

# SPECIAL EVENTS

To better serve you, the Arizona Department of Revenue offers online assistance and filing of your business taxes. To file your taxes online or to register to use the website, go to [www.aztaxes.gov](http://www.aztaxes.gov).

This publication is designed to assist taxpayers in complying with current laws and rules. In case of inconsistency or omission, the Arizona Revised Statutes and/or the Arizona Administrative Code will prevail over the language in this publication.

## Transaction Privilege Tax

Arizona imposes a transaction privilege tax (“TPT”) on the privilege of conducting business in the State of Arizona. The tax is levied on the seller, rather than the purchaser. The seller may pass the burden of the tax on to the purchaser, but the seller is ultimately liable to Arizona for the tax. TPT is divided into sixteen different classifications. The most common classifications of taxable transactions for vendors at special events are: retail sales, restaurants, amusements, commercial leasing and personal property rental. The following is a brief description of these classifications to help determine if TPT applies to your business activity at special events.

### Retail Classification

If you sell tangible personal property, including crafts (even if you consider it a hobby), you must be licensed and are responsible for TPT. The tax base for the retail classification is the gross proceeds of sales or gross income derived from the business.

Sales for resale are excluded from the tax base of the retail classification. Sales for resale may be documented by using a department exemption certificate (see Transaction Privilege Tax Procedure TPP 00-3). You are not required to use the department’s certificate, but to make a valid sale for resale, you must record: 1) the merchandise sold, 2) the buyer's name and address, 3) the buyer’s transaction privilege tax license number, and 4) obtain a signed statement by the buyer stating the goods will be resold in the ordinary course of business. If you are a wholesaler and make recurring sales for resale to the same customer, you may accept a department exemption certificate with the “Period” box checked and the stated period specified “through” a definite date agreed to by both parties.

Food sold by a retailer at a special event does not qualify for the deduction as “food for home consumption” when the special event charges an admission fee. The sale is subject to tax under the retail classification.

The sale of art at special events such as paintings, drawings, etchings, sculptures, craftwork, other artwork

or reproductions of such items is subject to TPT under the retail classification. Commissioned, custom, one-of-a-kind artwork that is made to the particular requirements of a specific purchaser (prior to the creation of the art) is not taxable.

### Restaurant Classification

Sales of food or beverages for consumption on or off the premises are subject to TPT under the restaurant classification. Businesses selling alcoholic beverages are advised to contact the Arizona Department of Liquor Licenses and Control for information on liquor licenses.

### Amusement Classification

The amusements classification is comprised of the business of operating or conducting various amusement activities including contests, games, sports events, or any other business which charges admission or user fees for exhibition, amusement or entertainment. Any charges or fees for activities such as games, rides, horse rides, balloon rides and any admission fees are subject to TPT under the amusement classification.

### Commercial Lease Classification

The state tax rate on commercial leasing is zero (“0”) percent. Counties and cities, however, may tax commercial leasing. Renting space to vendors at special events is taxable if the rental constitutes a lease of commercial property. The tax may be added to the cost of the vendor's rental fee. Commercial leases for qualifying trade or industry shows are not subject to TPT. Granting a “license” to use space rather than an actual lease of the property is not subject to state and county TPT. Cities, however, may tax licenses of real property.

### Personal Property Rental Classification

TPT is imposed on persons, such as special event promoters, renting or leasing tangible personal property for a consideration. The tax base is the *gross income* derived from the business. Gross income from the rental of tangible personal property includes charges for installation labor, insurance, maintenance, repairs, pick-up, delivery, assembly, set-up, personal property taxes and penalty fees even if these charges are billed as separate items, unless a specific statutory exemption, exclusion, or deduction applies. The tax may be added to the cost of the vendor's rental fee.

### The TPT License

The Arizona Joint Tax Application is used to apply for transaction privilege tax, use tax, withholding, and unemployment insurance. The application is available from the forms link at [www.azdor.gov](http://www.azdor.gov). **E-Business Services** now offers the opportunity to complete the Joint Tax Application online at [www.AZTaxes.gov](http://www.AZTaxes.gov).

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Once the license registration is completed, and the business is registered to use the site, businesses may file and pay their TPT, use and withholding taxes online.

Transient businesses are licensed using their home base as the business location. Businesses that operate at more than one location must be licensed for each location but can choose to obtain separate license numbers for each location or to report on a consolidated license. If a business moves to a new location, the department must be notified and a new license printed.

Licenses are not transferable, if you sell your business or change the business organization (for example, from a sole owner to a partnership or corporation), a new license must be issued.

Vendors who sell in Arizona only once or twice a year may arrange to suspend the license for the months they are not conducting business in Arizona.

## Displaying the TPT License

Arizona law requires that your TPT license be displayed wherever you do business. Posting the license at all times avoids delays while conducting business when department representatives make compliance checks to verify that vendors are licensed.

## TPT Reporting

TPT may be added to the sales price using the tax rate tables or factored out of the sales price. The total tax rate is a combined rate of the state, county and city tax rates. When a business “factors” transaction privilege tax, it means the tax is included in the total price rather than shown as a separate charge. If you choose to factor the tax, the tax must be calculated using a factoring formula. There are many different factoring formulas depending on city taxes, county taxes or differences in allowable city tax deductions. See Arizona Transaction Privilege Tax Procedure TPP-01 for information about factoring.

TPT is reported on Form TPT-1 by county and city business classification using the appropriate abbreviations for county and city. Pertinent state business class codes used on the state reporting form are: 017 for retail sales, 011 for restaurants and bars, 012 for amusements, 013 for commercial lease and 014 for personal property rental. For a list of business codes, tax rates and county codes, refer to the *Arizona State, County and City Transaction Privilege and Other Tax Rate Tables*. Taxes for cities not collected by the department are remitted directly to the city.

All taxpayers are required to report transaction privilege taxes monthly unless specifically authorized or required to report less frequently. For information on quarterly and annual filing, contact the department. Tax is due

the 20th of the month following the month sales took place. Tax returns and payments are delinquent if not postmarked by the 25th of the month or if not received by the second to last business day of the month.

Taxpayers are subject to penalties and interest for late reporting or late payment of taxes. The mailing address for tax remittance is

Arizona Department of Revenue  
PO Box 29010  
Phoenix AZ 85038-9010

## Withholding Tax

If you hire employees, you must obtain a state withholding identification number from the Department and file and withhold income taxes. Businesses that hire people, even if only for transient selling, seasonal events, or part-time, are considered employers and, therefore, must withhold.

## Other Licenses

Many businesses will need a license for the city in which they are conducting business. Payment of city license fees for cities which the department collects TPT provides for adding the city license to the state tax license. For a list of the cities and their license fees, see the Arizona Joint Tax Application. Many larger cities license and collect their tax independently. Vendors should contact these cities to obtain tax rate and license information. In addition to the TPT license, many cities require a business permit to conduct business. Contact the city for information about permits.

### For Additional Information, call:

Phoenix .....(602) 255-2060  
Toll free from area codes 520 & 928  
..... (800) 843-7196

### For Hearing Impaired - TDD only:

Phoenix ..... (602) 542-4021  
Toll free from area codes 520 & 928  
.....(800) 397-0256

### Or Write to:

Arizona Department of Revenue  
License & Registration  
1600 W Monroe  
Phoenix AZ 85007

### Internet

Internet Address ..... [www.azdor.gov](http://www.azdor.gov)

This publication is available in an alternative format upon request.