

**WORKSHEET FOR ACTIVITY 02 (CONSTRUCTION CONTRACTING) REVENUE  
FOR THE CITY OF PHOENIX PRIVILEGE (SALES) TAX RETURN**

**A**

**HOW TO CALCULATE DEDUCTION CODE 70 - STANDARD 35% DEDUCTION**

1. Write down the Gross Receipts for the month. This amount should also be written on the tax return.	Gross Receipts	\$	<b>1</b>
	Less:		
	62 - out-of-City	\$	
	Constr. Contr.		
2. Total the other deductions you may have that must be taken out of revenue before the Standard 35% Deduction is calculated.	71 - Subcontracting	\$	
	52/53 Discounts & Refunds	\$	
	81 Bad Debts	\$	
Other deductions include Discounts Allowed, Refunds and Returns, Bad Debts, and Miscellaneous (requires explanation).	75 Other	\$	
	Subtotal:	\$ _____	<b>2</b>
3. Subtract the deductions from the Gross Receipts. This amount equals revenue for the City of Phoenix only.	Gross Receipts less deductions above	\$	<b>3</b>
4. Divided by 1.05265. This figure is calculated by multiplying 65% x 0.081, adding 1 = 0.05265 + 1	Divided by 1.05265	÷	<b>1.05265</b> <b>4</b>
5. This is the revenue amount used to calculate the standard 35% deduction.	Revenue including 35% deduction	\$	<b>5</b>
6. Record this figure on your tax return as your deduction for code 70.	Multiply by 35%	x	<b>35%</b>
	Code 70 - Standard 35% Deduction	\$ _____	<b>6</b>
7. Subtract your deduction 70 from the subtotal listed in Step #5 to get the Net Taxable Amount. Record this figure on the tax return.	Net Taxable Amount	\$	<b>7</b>
8. Multiply the amount from Step # 7 by the current City tax rate to calculate the Tax Due. Record this figure on the return.		x	<b>1.8%</b>
		\$ _____	<b>8</b>

**B**

**TO CALCULATE THE DEDUCTION CODE 64 - SALES TAX COLLECTED**

9. Write down the amount calculated in Step # 3 above	\$	<b>9</b>
10. Write down the amount calculated in Step # 5 above	less \$ _____	<b>10</b>
11. Subtract the amount in Step # 10 from the amount in Step # 9. Record this figure as Deduction 64 on your tax return (line A1).	\$ _____	<b>11</b>

**C**

**TO VERIFY THE DEDUCTION CODE 64 CALCULATED ABOVE**

12. Write down the amount calculated in Step # 7 above.	\$	<b>12</b>
13. Multiply the amount in Step # 12 by the current total tax rate imposed by the City of Phoenix and State of Arizona for construction within Phoenix boundaries.	x	<b>8.10%</b> <b>13</b>
14. This total should equal the amount calculated in Step # 11 above. A rounding difference of a penny may occur.	\$ _____	<b>14</b>

**RECAP OF AMOUNTS TO BE TRANSFERRED TO TAX RETURN**

**D**

*****DEDUCTIONS*****			
Line	Codes	Descriptions	Amounts
A1	64	Sales Tax Collected	\$
A2	81	Bad Debts	
A5	52/53	Discounts / Returns	
A12	70	Standard 35% Deduction	
A13	71	Subcontracting	
A14	62	Out of City Contracting	
A20	75	Other (Explain on back of return)	_____
		Total Deductions	\$ _____

Gross Receipts	\$
Total Deductions	-
Net Taxable	=
Tax Rate	x _____
Tax Due	\$ _____

Record each deduction on the back (Page 2) of the tax return.

If you have any questions, please contact Tax Accounting at (602) 262-6785, press 2, or FAX number (602) 262-7151.