

**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	\$	0.00	1
	Less:			
	62 - out-of-City	\$	0.00	
	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	\$	0.00	
	52/53 Discounts & Refunds	\$	0.00	
	81 Bad Debts	\$	0.00	
	75 ** Other	\$	0.00	
Other deductions include Discounts Allowed, Refunds and Returns, Bad Debts, and Miscellaneous (requires explanation).	Subtotal:	\$	0.00	2
3. Subtract the deductions from the Gross Receipts. This amount equals revenue for the City of Phoenix only.	Gross Receipts less deductions above	\$	0.00	3
4. Divided by 1.05395. This figure is calculated by multiplying 65% x 0.083=0.05395	Divided by 1.05395	÷	1.05395	4
5. This is the revenue amount used to calculate the standard 35% deduction.	Revenue including 35% deduction	\$	0.00	5
6. Record this figure on the back of your tax return as your deduction for code 70, Line A12	Multiply by 35%	x	35%	
	Code 70 - Standard 35% Deduction	\$	0.00	6
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	\$	0.00	7
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	2.0%	
		\$	0.00	8

**B**

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

9. Write down the amount calculated in Step # 3 above	\$	0.00	9
10. Write down the amount calculated in Step # 5 above	less \$	0.00	10
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, Code 64 on the back of the return	\$	0.00	11

**C**

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

12. Write down the amount calculated in Step # 7 above.	\$	0.00	12
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	8.30%	13
14. This total should equal the amount calculated in Step # 11 above. A rounding difference of a penny may occur.	\$	0.00	14

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

**D**

Line	Codes	Descriptions	Amounts	Front of Return	Colu
		*****DEDUCTIONS*****			
		<b>Back of Return</b>			
A1	64	Sales Tax Collected	\$ -	Gross Receipts	\$ 0.00 1
A2	81	Bad Debts	\$ -	Total Deductions	0.00 2
A5	52/53	Discounts / Returns	\$ -	Net Taxable	0.00 3
A12	70	Standard 35% Deduction	\$ -	Tax Rate	x 2.0% 4
A13	71	Subcontracting	\$ -	Tax Due	\$ 0.00 5
A14	62	Out of City Contracting	\$ -		
**	75	<b>Other (SEE BELOW)</b>	\$ -		
A21		Total Deductions	\$ -		

Record each deduction on the tax return

**\*\* If you plan to use Code 75, it is highly recommended that you call prior to using this code. Normally, for Construction Contracting using Deduction Code 75 will be disallowed. Please call**