

# INSTRUCTIONS FOR THE CITY OF PHOENIX FILLABLE PRIVILEGE (SALES) TAX RETURN

You may use the form **ONLY IF** you are currently licensed and are completing a return for a reporting period for which you have been sent a return by the City. All calculations on the fillable return are automatic (except for penalty and interest), however you are responsible for making sure that they are correct.

The following information must be entered **exactly as shown** on the return sent to you by the City (your original City return):

- Return Due date (MM/DD/YY format).
- Delinquent After date (MM/DD/YY format).
- City License No. (8 digits).
- Period (**M** for monthly reporting, **Q** for quarterly reporting or **A** for annual reporting).
- From and Thru months for the return (MM/YY format) – these will be the same for monthly reporting, must reflect a calendar quarter for quarterly reporting or a calendar year for annual reporting.
- Business Name and Mailing Address.
- **In the section headed “Business Description Line Business Class,” select the first Business Class shown on your original City return from the drop down list. Even if you check the box for “no business activity” in this reporting period, you must select all Business Classes shown on your original City return.**
- Select any other Business Classes shown on your original City return from the drop down list or that you need to add to the return on the appropriate line. Note: if you report Sales of Jet Fuel or Jet Fuel Use Tax, you cannot use this form, you must use either your original City return or the blank return.
- **In column 4, select the Tax Rate shown on your return or the Privilege (Sales) Tax Return Instruction Sheet for each Business Activity you selected from the drop down list of tax rates.**

The following items are **required** for processing your return (if they apply to you):

- Gross Income for each Business Activity on Page 1, Column 1.
- Deductions for each Business Activity must be detailed on Page 2 of the return in the column corresponding to the Line number on Page 1. You can either select the grey button above Column 5 to go to Page 2 or scroll down through the return. You **may not** claim deductions where “XXXXXXXXXX” fills the deduction box on your original City return. If you do, the deductions will be disallowed and you will receive a bill for the tax due on those deductions. For any deductions shown on line A20 – “Other Ded:,” you must include a description in the box.
- Purchases subject to the Use Tax are entered on Page 1, Line 5, Column 3.
- Excess tax collected is entered by activity on Page 2, line B1.
- To use a City tax credit dated in the upper right corner of your Tax & License Statement with the last day of the most recent month, enter the credit on Page 2,

**DO NOT MAIL WITH TAX RETURN**

## Instructions For The City Of Phoenix Blank Privilege (Sales) Tax Return (Cont.)

line B3. Please call 602-262-6785, press 6, TTY 602-534-5500 to confirm your credit before entering the amount on your return.

- Enter the Total Amount Paid on Page 1, Line 15 to match the amount of your payment. If you are not sending a payment, please enter "0.00."
- Type the name of the person signing the return, the current date and the phone number of the person to call if there are questions about the return.
- Click the "Print the Return" button (you may wish to print a second copy at this time for your records) and sign the return.
- Sign the return.

The following items are optional:

- A mailing address change.
- To cancel your license – please check the box, type in the reason (e.g., sold, closed, moved, etc.) and the effective date of the cancellation (MM/DD/YY format).
- If you had no income for the period, click in the box following "If you had **no business activity** in this reporting period, check here, fill in your Business Classes below and sign at the bottom." Even if you check this box, you **must** select all Business Classes shown on your original City return.
- Your computation of penalty and interest (Page 1, line 11). If your return is filed or paid late, we will compute your penalty and interest. Penalty and interest are charged only on the tax without compounding and we recommend that you allow us to compute this amount and bill you. If you want to calculate penalty and interest or see how we will calculate them, please see the Privilege (Sales) Tax Return Instruction Sheet.

For detailed instructions on the tax return, return to our Forms page and review the sample returns and instructions available there.

### Current Tax Rates (effective December 2007):

0.1% Mining	2.1% Commercial Rental
0.5% Advertising	2.7% Utilities
2.0% Retail; Contracting; Residential Rental; Restaurant & Bar; Rental, Leasing or Licensing of TPP; Amusements; Job Printing; Manufactured Buildings; Publishing; Transportation	4.0% Short-term Motor Vehicle Rental
	4.7% Telecommunications
	5.0% Hotel/Motel

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**DUE DATE:** The due date for the city privilege tax is the 20th of the month following the reporting period. A return is considered timely only when received by the last business day of the month. A business day is any day except Saturday, Sunday, or a legal city holiday.

**POSTMARKS ARE NOT ACCEPTED AS EVIDENCE OF TIMELY FILING**

- PENALTIES:**
1. Failure to File - A penalty of 5% of the tax due will be assessed for each month, or fraction elapsing between the delinquency date of the return and the date on which it is filed. Filing your return on time, whether or not you pay the tax due, will avoid the late filing penalty.
  2. Failure to Pay - A penalty of 10% of the unpaid tax will be assessed if the tax is not paid on time.
  3. Total Penalty - Total penalties assessed will not exceed 25% of total tax due.

**INTEREST:** Taxes received after the delinquency date will be assessed interest at a rate of 1% per month until paid. The interest MAY NOT be abated.

You are not required to calculate penalties and interest. The City will calculate and bill you for any applicable penalties and interest due on this return.

**CHECK YOUR RETURN:** Check the amounts recorded by type of income for each line item as follows:

- \* Itemized deductions equal the total deductions recorded.
- \* Taxable income equals gross income less total deductions.
- \* Tax due is equal to the amount obtained by applying the preprinted tax rate to the taxable income amount.
- \* Total tax due equals tax due plus any excess tax collected.

**FOR ASSISTANCE, CALL:** City of Phoenix (602) 262-6785, Press 6, TTY (602) 534-5500 Fax: (602) 262-7151, or visit our website [www.phoenix.gov/PLT](http://www.phoenix.gov/PLT)

**SCHEDULE A - DETAILS OF DEDUCTIONS:** Enter below the deductions and exclusions you used in computing your city transaction privilege tax or use tax. You must keep a detailed record of all deductions and exclusions. Failure to maintain proper documentation and records required by City ordinance may result in their disallowance. A separate detail of city records and documentation must be maintained only when the income, deductions, or exemptions are different from state requirements.

**Please note: Not all deductions are available to all business classifications. (See Instructions)**

The line numbers at the top of each column below correspond with the line numbers of the business descriptions listed on the front page.

**Deductions**

- A1. Total tax collected or factored  
(State, county and city)
- A2. Bad debts on which tax was paid
- RETAIL & PERS. PROP. RENTALS**
- A3. Sales for resale
- A4. Service, repair or installation labor
- A5. Discounts/Refunds>Returns
- A6. Delivery or freight out charges
- A7. Sales to **qualified** health care org.
- SALES TO U.S. GOVERNMENT**
- A8. By retailer 50% deductible
- A9. By manufacturer and repairer  
(100% deductible)
- OUT-OF-STATE SALES**
- A10. Sales to nonresidents for use out-of-state when vendor receives the order from out-of-state **and** vendor ships or delivers out-of-state
- A11. Trade-ins
- CONSTRUCTION CONTRACTING**
- A12. 35% standard contracting deduction
- A13. Exempt subcontracting income
- A14. Out-of-city contracting
- OTHER DEDUCTIONS**
- A15. Food for home consumption
- A16. Sales of motor vehicle gasoline and use fuel
- A17. Sales of exempt machinery & equip.
- A18. Prescription drugs/prosthetics
- A19. Lottery ticket sales
- A20.
- A21 Total Deductions**

		Business Class	Business Class	Business Class	Business Class
	Code				
		LINE 1	LINE 2	LINE 3	LINE 4
A1	64				
A2	81				
A3	54				
A4	63				
A5	52/53				
A6	74				
A7	65				
A8	56				
A9	57				
A10	55				
A11	82				
A12	70				
A13	71				
A14	62				
A15	51				
A16	59				
A17	73				
A18	58				
A19	68				
A20	75				
A21					

**SCHEDULE B**

- B1 Excess Tax Collected by Activity
- B2 Allowable Credits by Activity
- B3 City Tax Credit (attach City credit statement)
- B4 Credit Against Use Tax for Municipal Taxes Already Paid on the Use Taxable amount

B1						=		Total Excess To Line 9 on front
B2								Total B2, B3 & B4
					B3			To Line 13 on front
					B4			