

**Town of Florence  
Finance Department  
775 N. Main St.  
P.O. Box 2670  
Florence, AZ 85132**

## **APPLIANCE REPAIR SHOPS**



This publication is for general information regarding Transaction Privilege (Sales) Tax on Appliance Repair Shops. For complete details, refer to the Town of Florence Privilege & Use Tax Code and related regulations. In the case of an inconsistency or omission in this publication, the language of the Privilege and Use Tax Code will prevail. The transaction privilege tax is commonly referred to as a sales tax; however, under Arizona State law, the tax is on the privilege of doing business in Florence and is not a true sales tax.

# **FLORENCE PRIVILEGE TAX**

For General Information:

Arizona Department of Revenue  
website: [www.revenue.state.az.us](http://www.revenue.state.az.us)

Tax Assistance:

Individual/Corporate: 800-352-4090  
Business: 800-843-7196  
Director: 602-716-6090  
Hearing & Speech Impaired  
602-542-4021

If you feel that you have not been treated appropriately or that a proposed method of delinquent tax collection will cause you a significant hardship, you may call the Arizona Department of Revenue as follows:

Problem Resolution Office  
602-542-3887

### **General Information:**

#### **Sales Tax Rates:**

State	-	5.6 %
County	-	1.1 %
Town	-	2.0 %
<b>Total</b>	<b>=</b>	<b>8.7%</b>

**Tax change for State  
effective 06/01/2013**

#### **For more information please contact:**

520-868-7570 Finance Department  
520-868-7505 Finance Director

This publication is for general use only. For complete details, refer to the Town of Florence Tax Code. More detailed information is also available on the “**Taxpayer Bill of Rights**” Brochure, on the town website: [www.florenceaz.gov](http://www.florenceaz.gov).

For payment of Sales Tax for the Town of Florence, filing, or State Licensing contact ADOR @ 1-800-634-6494, or go to [www.aztaxes.gov](http://www.aztaxes.gov).



**June 2013**

## **APPLIANCE REPAIR SHOPS**

The business activities of an appliance repair shop can be defined as either “retail sales”, “direct customer services” or “construction contracting.

### **HOW DO I DETERMINE THE PROPER CLASSIFICATION FOR AN ACTIVITY?**

#### **Retail Sales**

When you sell tangible personal property (refrigerators, ovens, garbage disposal) but do not install the item being sold, you are considered to have made a retail sale and are required to charge the Town of Florence 2% Transaction Privilege Tax, to the buyer.

If you sell consumable goods, incorporated, or applied to real property they are considered retail sales and not construction contracting. Examples of consumable goods are lubricants, light bulbs, furnace filters, air conditioning filters, and coolants.

#### **Construction Contracting**

If you attach or install tangible personal property (except “consumable goods”, which are discussed above) onto real property, you are considered to be a construction contractor. If you repair,

remove, replace or modify any item installed or attached to real property you are also considered to be a construction contractor. Some examples of construction contracting activities are: repair of a door, wall, built-in oven, installation of carpeting, window screens, painting, bathroom pipe repair, garbage disposal, etc. If you fall under this category you are required to charge the Town of Florence 4% Transaction Privilege Tax, to the buyer.

#### **Direct Customer Services**

If you perform an activity which does not in any way repair, replace or alter real property, the activity is considered a direct customer service. Examples of direct customer services are carpet cleaning, yard cleaning, and window washing. Direct customer services do not include demolition, earth moving and wrecking activities.

### **HOW ARE THE DIFFERENT CLASSIFICATIONS TAXED?**

#### **Retail Sales**

You are liable for the tax on retail sales based on the total sales price of the tangible personal property. A deduction for sales *for resale* is allowed if proper documentation is maintained.

#### **Construction Contracting**

You are liable for the 4% tax on construction contracting activity based on the gross income from the activity less a 35% standard contracting deduction.

If you are working for a general contractor who is not acting as an owner-builder and is responsible for payment of taxes, you may deduct this subcontracting income if proper documentation is maintained. Proper documentation would include a subcontractor's declaration for each job performed for the general contractor.

Construction contracting is taxable to the jurisdiction in which the job site is located.

#### **Direct Customer Service**

Direct customer services are not taxable. These services; however, they must be separately itemized on your invoice to avoid taxation.