

HOW DO I CALCULATE THE TRANSACTION PRIVILEGE TAX DUE?

To calculate privilege tax due to the Town of Florence, the gross income is totaled and allowable deductions are taken. The new amount is multiplied by 2% (.02) to arrive at sales tax due.

WHAT DEDUCTIONS AM I ALLOWED?

Charges for delivery, installation, repair, and optional service contracts and warranties may be deducted if they are **separately** stated on the customer invoices and taxpayer records. Renting, leasing, or licensing for use to persons engaged in the business of renting, leasing, or licensing for use, may be deducted from gross income.

Example: if an item is rented for \$1000.00

$$(1) \text{ \$1,000.00} \times .02^* = \$20.00$$

(Taxable Income)

$$(2) \$1000.00 + \$20.00 = \$1020.00$$

(Sales Tax Due)

*Based on Town tax rate of 2%.

General Information:

Sales Tax Rates:

State	-	5.6 %
County	-	1.1 %
Town	-	2.0 %
Total	=	8.7%

Tax change for State effective 06/01/2013

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

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.

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.

RENTAL OF TANGIBLE PERSONAL PROPERTY



This publication is for general information regarding Transaction Privilege (Sales) Tax on the rental, leasing and licensing for use of tangible personal property. 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.



June 2013

FLORENCE PRIVILEGE TAX

RENTAL, LEASING & LICENSING FOR USE OF TANGIBLE PERSONAL PROPERTY

Rental, leasing, and licensing for use of tangible personal property is subject to a 2% privilege tax based on the gross income from this business activity.

WHAT IS TANGIBLE PERSONAL PROPERTY?

Tangible personal property is any property or substance that can be owned, touched or have value assigned. Examples include but are not limited to: tools, equipment, vehicles, pumps, cranes, coin-operated carwash & Laundromat facilities, furniture, appliances, sports equipment, clothing, and video movies.

WHAT IS CONSIDERED RENTAL, LEASING OR LICENSING FOR USE?

Renting or leasing is an agreement between the user and the owner of property whereby the owner receives consideration for the right to use the owners property for a period of time.

Licensing for use is any agreement between the user and the owner for the use of the owner's property whereby the owner receives consideration, where the agreement does not qualify as a "sale" or "lease" or "rental" agreement. Consideration is any payment, monetary or other, received by the owner.

WHAT IF THE PROPERTY IS RENTED INSIDE THE TOWN FOR USE OUTSIDE?

Tangible personal property that is rented within the Town of Florence for use outside the town's corporate boundaries is taxable at the rental business location unless the property is considered "semi-permanently" or "permanently" installed in another incorporated city.

Property deemed "semi-permanently" or "permanently" installed is expected to have a permanent location at the site and requires alterations to the real property where installed. Examples include, but are not limited too: computers, duplicating machines, non-portable furniture, major appliance, and store fixtures. Such rented property is at taxable in the incorporated city where it is installed. If such property is located in an unincorporated city it is taxable to the town/city where the rental business is located.

WHAT IF THE RENTAL INCLUDES AN OPERATOR FOR THE EQUIPMENT OR VEHICLE?

If the tangible personal property rented, lease, or licensed for use is earthmoving equipment, such as a backhoe or bulldozer and includes an operator, it is considered construction contracting and taxable as such (see Construction Contracting guidelines).

Rental of most other tangible personal property with an operator, or earthmoving equipment without an operator, is considered rental of tangible personal property and taxed according to this guideline.

Rental of motor vehicle with a driver for transportation purposes is considered transportation for hire and taxed accordingly. (See Transportation for Hire Guidelines).

NOTE: The State of Arizona and Pinal County DO NOT charge a sales tax for Rental or Leasing of Personal Property. Make sure you contact your local County and State of Arizona for all other Property Tax Rental-Tax rates.

**AZ Dept of Revenue 800-634-6494
Pinal County Tax Division:
520-866-6000**