

# FLORENCE PRIVILEGE TAX

## Food and Beverage Sales

Persons engaged in the business of sales of prepared food and drink for consumption on or off the premises within the Town's corporate boundaries are taxable under the restaurant category. See the Restaurant Privilege Tax Brochure.

## Refundable and Nonrefundable Deposits

"Nonrefundable deposits" for cleaning, keys, pet fees, maintenance or for any other purpose are deemed gross income upon receipt.

"Security deposits" and other refundable deposits are deemed gross income at the time such deposits are forfeited.

## Telecommunication Services

Toll charges, charges for transmissions, and charges for other telecommunication services are taxable. Charges for transmissions originating in Florence and terminating outside the State are exempt from privilege tax. See Telecommunication Services Privilege Tax Brochure.

## Exemptions

Charges by primary health care facilities to patients of such facilities for use of rooms or other real property during the course of their treatment by such facilities are exempt.

## Use Tax

*Equipment and Supplies* are subject to use tax unless an equivalent tax has been paid. See Use Tax Brochure.

*Employee Meals:* Charges made by a hotel/motel to its employees for meals are taxable sales. If a charge is not made for food and beverage provided to employees the cost of the items provided is subject to Town Use Tax.

## 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).

## HOTELS/ MOTELS



This publication is for general information regarding Transaction Privilege (Sales) Tax and Transient Lodging Tax on hotels and motels. 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.



## HOTEL/MOTEL TRANSIENT LODGING

### YOU OWE TAX ON HOTELS AND MOTELS IF :

You are engaged in the business of operating a hotel/motel charging for lodging and/or lodging space furnished to any person.

### TAX RATE

The tax rate is 2% of the gross income. Income is any value received either as funds, bartered services, or merchandise.

**In addition to the taxes levied on the hotel/motel activity, there is an additional tax of 2% on the gross income from the business activity of charging for lodging and/or lodging space furnished to any transient.** "Transient" means any person who, for any period of not more than twenty seven consecutive days, obtains lodging or the use of any lodging space in any hotel/motel for which a lodging charge is made.

(See Town Code Section 8A-447, available on the town website.

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## COLLECTION OF TAX

You may choose to charge the tax separately on each sale or include sales tax in your price. If you overcharge any tax to your customers, you must remit the excess tax to the town.

If your price includes privilege tax, you can compute how much of the total price is privilege tax. You may deduct the total town, state, and county privilege tax from your gross receipts.



## SPECIAL SITUATIONS

The hotel/motel business encompasses many services and activities other than the rental of rooms. The activities listed below should be included in gross income and taxed at the 2% privilege tax rate. **The 2% transient lodging tax is in addition to the 2% privilege tax rate and applies only to the lodging space.**

## Real Property Rentals

When real property, such as meeting rooms, retail space, etc., is rented or leased for non-lodging activities, income is taxed under the commercial rental category. See Real Property Rentals Tax Brochure.

## Sub Leases

When a property is subleased, the taxable landlord is the one directly leasing to the tenant in actual possession of the property.

## Fees and Commissions

Income received from the operation of vending machines, pay phones, movies, or any other amusement is taxable. If a third party is licensed with the Town and paying tax on any of these activities, then the hotel/motel is responsible for remitting tax on the commission received, as this income represents licensing for use of real property. the time such deposits are forfeited.