

WHO MUST PAY THE TAX?

You must be licensed and pay tax if you are in the business of leasing, licensing, or renting real property for use to the final licensee or renter located within the Town of Florence.

Licensing means any agreement between the property owner and the final user of real property. Examples include commissions received for licensing space for vending and amusement games, pay telephones, and the use of a portion of a business or property for filming movies or commercials.

WHAT IS THE TAX RATE?

The tax rate is 2.0% for the
Town of Florence

The tax rate is .5% for
Pinal County (Commercial Only)

RESIDENTIAL RENTALS

Every person who has at least one residential unit rented or available for rent must pay tax to the Town of Florence on any unit located within the Town of Florence. If the owner/lessor have more than 3 rental units (regardless of occupancy) must have a business license.

Examples of residential rentals include; but are not limited to:

- Houses
- Apartments
- Manufactured Homes
- Mobile Home (Trailer) Spaces

Residential rentals for less than 30 days are subject to an additional 2% transient tax. (See Hotel/Motel Guidelines).

COMMERCIAL PROPERTY RENTALS

Every person in the business of leasing, renting, or licensing for use any non-residential land, building, or space must pay tax to the Town of Florence on the units located within the Town of Florence.

Examples of taxable commercial rentals include, but are not limited to:

- Office Buildings
- Stores
- Factories
- Churches
- Vacant Land
- Parking Lots
- Banquet halls
- Meeting Rooms
- Storage Facilities
- Vending Machine Space
- Farm Land

Rental of commercial property to Non-Profit Organizations and Governmental Agencies is taxable.



WHAT IS TAXABLE? (RESIDENTIAL & COMMERCIAL)

All payments made by the renter to, or on behalf of, the lessor are taxable. Taxable income includes payments for property taxes, repairs, improvements, telecommunications, utilities, pet fees, non-refundable deposits, forfeited deposits, and common area maintenance charges.

NON-TAXABLE RENTAL REVENUE (DEDUCTIONS)

- Refundable security deposits, unless they are retained
- Utility charges if individual utility meters are installed **and** each tenant pays the exact amount billed by the utility company
- Room charges to patients in qualifying hospitals, qualifying community health centers, or qualifying health care organization
- Gross receipts derived from incarcerating or detaining inmates
- Fair market value of one (1) apartment provided rent free to an employee of the complex, for every fifty (50) units in the complex.

CALCULATING THE TAX

You may choose to charge the tax separately or you may include tax in your sales price. If you include tax in your sales price, you may factor in order to “Compute” the amount of tax included in your gross income for deduction purposes.

To determine the factor, add one (1.00) to the total of the county and city tax rates. (Remember that the county (.5%) is collected for Pinal County and both are to be remitted on your State Transaction Privilege Tax return for the Commercial Rental Classification).

Commercial Example: $1.00 + .025 = 1.025$

Calculate as follows:

Taxable Income: = Computed Taxable
Factor (1.025) Income

Residential Example: $1.00 + .02 = 1.02$

Taxable Income: = Computed Taxable
Factor (1.02) Income

Taxable income less computed taxable income equals your deduction for tax collected



If more city tax was collected than was due, the excess tax collected must be remitted to the Town of Florence.

USE TAX

This is a tax on items that were purchased, leased, or rented without paying privilege or sales tax. The purchased, leased, or rented items become taxable when they are used, stored, or consumed within the Town of Florence. Most commonly, purchases, leases, or rentals from out-of-state vendors will fall into this category. The use tax does not apply to purchases, leases, or rental which are resold or released in the normal course of business.

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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.

REAL PROPERTY RENTALS



This publication is for general information regarding Transaction Privilege (Sales) Tax on residential & commercial rentals. 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.



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FLORENCE PRIVILEGE TAX