

Town of Fountain Hills



What Residential Rental Income is Taxable?

All payments made by a tenant, or on behalf of a landlord, are taxable. Please see the list below. Note: this list is not all-inclusive.

In addition to rent, **taxable income** includes payments by the tenant for:

- All common income sources
- Non-refundable deposits
- Forfeited deposits
- Pet fees
- Federal rent subsidies (HUD)
- Charges for utilities, unless separately metered and “pass through” only
- Reimbursements (damages, keys, etc.) received from the tenants
- Common area fees and maintenance charges
- Telecommunications (phone, cable TV and internet service), unless separately metered and “pass through” only
- Landscape maintenance or pool service paid to the owner
- Homeowner association fees
- Late fees, court fees and legal fees
- Repairs and/or improvements
- Payments of property taxes
- Owner’s mortgages or home equity loans

Information obtained from Arizona Department of Revenue:

<https://azdor.gov/transaction-privilege-tax/residential-rental-guidelines/what-residential-rental-income-taxable>