

**INTERGOVERNMENTAL AGREEMENT BETWEEN  
THE STATE OF ARIZONA AND  
THE TOWN OF FOUNTAIN HILLS**

THIS INTERGOVERNMENTAL AGREEMENT ("Agreement") is entered into this 4<sup>th</sup> day of June, 2019, by and between the Arizona Department of Revenue, hereinafter referred to as Department, and the Town of Fountain Hills, an Arizona municipal corporation, hereinafter referred to as City/Town. This Agreement shall supersede and replace all previous intergovernmental agreements, including amendments thereto, entered into by the Department and City/Town regarding the administration, collection, audit and/or licensing of transaction privilege tax, use tax, severance tax, jet fuel excise and use taxes and rental occupancy taxes imposed by the State, cities or towns.

R E C I T A L S

WHEREAS, Title 11, Chapter 7, Article 3 (A.R.S. § 11-952) authorizes two or more public agencies to enter into intergovernmental agreements to contract for services, if authorized by their legislative or governing bodies.

WHEREAS, A.R.S. § 42-6001 et seq. was amended effective January 1, 2015 to provide that the Department shall collect and administer any transaction privilege and affiliated excise taxes imposed by any city or town in Arizona and that the Department and each city or town shall enter into an intergovernmental contract or agreement pursuant to A.R.S. § 11-952 to provide a uniform method of administration, collection, audit and licensing of transaction privilege and affiliated excise taxes imposed by the State, cities or towns.

WHEREAS, City/Town has taken appropriate action by ordinance, resolution or otherwise, pursuant to the laws applicable to the governing body of City/Town, to approve and authorize City/Town to enter into this Agreement.

A G R E E M E N T

NOW, THEREFORE, in consideration of the foregoing, the Department and City/Town enter into this intergovernmental agreement as follows:

**1. Definitions**

- 1.1 A.R.S.** means the Arizona Revised Statutes.
- 1.2 Adoption of an Ordinance** means final approval by majority vote of the City/Town council.
- 1.3 Ambassador Program** means the Department's provided structure and support of curriculum related to tax administration and compliance education.

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**1. Definitions**

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- 1.2 Adoption of an Ordinance** means final approval by majority vote of the City/Town council.
- 1.3 Ambassador Program** means the Department’s provided structure and support of curriculum related to tax administration and compliance education.

- 1.4 **Audit** means examination and verification of accounts and records to determine taxpayer compliance with title 42 of A.R.S. and the Model City Tax Code, or any other assessment issued pursuant to A.R.S. § 42-1108.
- 1.5 **Closing Agreement** means an agreement to settle a tax liability pursuant to A.R.S. § 42-1113.
- 1.6 **Confidential Information** means all such information as defined in A.R.S. § 42-2001.
- 1.7 **Confidentiality Standards** means the standards set forth in Appendix A or such other written standards mutually agreed to by the Department and City/Town.
- 1.8 **Desk Review** means any assessment issued pursuant to A.R.S. § 42-1109(B).
- 1.9 **Federal Tax Information** means federal tax return or return information the Department receives from the Internal Revenue Service including any information created by the Department derived from that information. Documents obtained from a taxpayer or State records are not considered Federal Tax Information.
- 1.10 **Model City Tax Code** means the document defined in A.R.S. § 42-6051.
- 1.11 **Modification** means a change to an assessment required or authorized by statute.
- 1.12 **Municipal Tax(es)** means transaction privilege and affiliated excise taxes, including use tax, severance tax, jet fuel excise and use tax, and rental occupancy tax, imposed by City/Town in accordance with the Model City Tax Code. Unless the context provides otherwise, this definition includes tax, license fees, penalties, interest and other similar charges.
- 1.13 **State** means the State of Arizona.
- 1.14 **State & Municipal Audit Resolution Team (“SMART”)** means an advisory group comprised of four representatives from municipal taxing jurisdictions and four representatives of the Department as set forth in Section 14 below.
- 1.15 **Taxpayer Information** means information protected from disclosure pursuant to Model City Tax Code § 510.
- 1.16 **Standard Audit Life Cycle Process Map:** A document containing the decisions and procedures adopted by the Department and Cities/Towns from the point of audit assignments until resolution consistent with this Agreement and the Arizona Management System principle of continuous improvement. This document will be reviewed by the Department and cities/towns as needed, not less than annually, with any changes memorialized in a revised map. In the event of unresolved disagreement regarding proposed changes, this Map will be referred to SMART for resolution.

- 1.17 Standard Authorization List Update Process Map:** A process containing the decisions and procedures adopted by the Department and Cities/Towns to keep an updated list of current employees and contractors who are authorized to receive confidential information consistent this Agreement and with the Arizona Management System principle of continuous improvement. This document will be reviewed by the Department and cities/towns as needed, not less than annually, with any changes memorialized in a revised map. In the event of unresolved disagreement regarding proposed changes, this Map will be referred to SMART for resolution.
- 1.18 Standard Inter-Jurisdictional Transfer Process Map:** A process containing the decisions and procedures adopted by the Department and Cities/Towns to transfer tax from one City/Town to another City/Town upon a City/Town's request or during the audit process consistent this Agreement and with the Arizona Management System principle of continuous improvement. This document will be reviewed by the Department and cities/towns as needed, not less than annually, with any changes memorialized in a revised map. In the event of unresolved disagreement regarding proposed changes, this Map will be referred to SMART for resolution.
- 1.19 Voluntary Disclosure Agreement:** A program that is designed for eligible taxpayers with exposure for tax liability and /or civil penalties due to a failure to report and/or pay all tax due.

**2. Disclosure of Information by City/Town to Department**

- 2.1 Qualified Recipients of Information:** The Department shall provide a list of names and job titles of duly authorized representatives acting on behalf of the Department authorized to request and receive Taxpayer Information from Cities/Towns as defined in the Standard Authorization List Update Process Map. This information shall be sent to Cities/Towns as defined in the Standard Authorization List Update Process Map. The Cities/Towns will not disclose Taxpayer Information to a Department employee whose name is not included on this list. Cities/Towns may contact the Department with any questions related to qualified recipients by contacting the Cities Services Unit.
- 2.2 Use of Information:** Any Taxpayer Information released by City/Town to the Department may only be used by the Department for tax administration and collection purposes, and may not be disclosed to the public in any manner that does not comply with the Model City Tax Code. All Taxpayer Information shall be stored and destroyed in accordance with the Confidentiality Standards.
- 2.3 Municipal Ordinance:**
- (a) City/Town shall provide the Department with a copy of its Municipal Tax Code or any City/Town ordinances imposing the taxes to be collected hereunder within ten calendar days of a request for such information from the

Department. This information shall be sent to the Cities Services Unit electronically.

- (b) City/Town shall provide the Department with a copy of any ordinance adopted by City/Town after execution of this Agreement that imposes or modifies the Municipal Taxes or license fees to be collected hereunder, including a new or different tax rate as defined by A.R.S. § 42-6053(E), within ten calendar days of adoption of an ordinance. This information shall be sent to the Cities Services Unit electronically. No such ordinance shall take effect on a date other than the first day of the month that is at least sixty calendar days after city/town provides notice to the Department unless City/Town and the Department agree otherwise. The Department shall add the change to the official copy of the Model City Tax Code within ten business days of receipt of notice from City/Town. The Department will notify City/Town when the change has been made, and City/Town is responsible for confirming the change. Pursuant to A.R.S. § 42-6053(E)(2), changes in tax rates have no effect unless reflected in the official copy of the Model City Tax Code.
- (c) Within fifteen calendar days following the adoption of an annexation ordinance, one copy of the ordinance and notification of the effective date of such ordinance shall be sent to the Department via email at [GIS@azdor.gov](mailto:GIS@azdor.gov). City/Town shall also include with the notice a list of businesses City/Town knows to be located in the annexed area. The Department shall not be obligated to begin collection of Municipal Tax any sooner than the first day of the month that is at least sixty calendar days after the date the Department received notice from City/Town of the annexation.

- 2.4 Development and Impact Fees:** Upon request, City/Town shall provide to the Department any information regarding development and impact fees to assist the Department with the auditing of taxpayers and billing and collection of taxes.
- 2.5 Prior Audits:** Upon request by the Department, City/Town shall allow inspections and copies of any City/Town tax audits conducted prior to January 1, 2015.
- 2.6 Other Information:** City/Town shall provide other relevant information necessary for tax administration and collection purposes as requested by the Department.
- 2.7 Statutory Authority:** The disclosure of confidential City/Town tax information is governed by A.R.S. § 42-2001 et seq., or Model City Tax Code Section 510 for all reporting periods prior to January 1, 2015.

### 3. Disclosure of Information by Department to City/Town

- 3.1 Qualified Recipients of Information:** City/Town shall provide a list of the names and job titles of duly authorized representatives acting on behalf of City/Town

authorized to receive Confidential Information as defined in the Standard Authorization List Update Process Map. The Department will not disclose any Confidential Information to any representative whose name is not included on this list. The Department may contact City/Town with any questions related to authorized recipients.

**3.2 Suspension of Information:** The Department will not withhold Confidential Information from City/Town so long as City/Town complies with A.R.S. § 42-2001 et seq. and the Confidentiality Standards.

- (a) If the Department has information to suggest City/Town or any of its duly authorized representatives violated A.R.S. § 42-2001 et seq. or the Confidentiality Standards (Appendix A), the Department will send written notice to City/Town detailing the alleged breach as understood by the Department and requesting a response to the allegation within twenty calendar days of the date of the letter.
- (b) The Department will review the written response from City/Town and consider the information contained therein and all relevant circumstances surrounding the alleged violation before making a written determination as to whether a suspension of information is warranted and the length of the suspension.
- (c) If City/Town is dissatisfied with the Department's determination, it may within ten calendar days, submit a written request to SMART requesting the group review the determination pursuant to Section 14.
- (d) If the Department has information to suggest City/Town violated the Confidentiality Standards, the Department may inspect City/Town's records, facilities, and equipment to confirm whether there has been a violation upon notification to City/Town.

**3.3 Information to be Provided:** Within the restrictions outlined in this Section, the Department shall provide all of the information detailed in Appendix B, which may be modified by the mutual agreement of the parties. The Department shall not provide Federal Tax Information to City/Town. In addition to the information detailed in Appendix B, City/Town may obtain upon request:

- (a) Inspections and/or copies of Department tax audits, including all information related to all cities and towns included in the tax audit; and
- (b) Other relevant information necessary for tax administration and collection purposes, including all information necessary to verify City/Town received all revenues collected by the Department on behalf of City/Town.

**3.4 Storage and Destruction of Confidential Information:** All Confidential Information provided by the Department to City/Town shall be stored, protected, and destroyed in accordance with the Confidentiality Standards.

**3.5 Statutory Authority:** The Department may disclose Confidential Information to City/Town pursuant to A.R.S. § 42-2003(G) if the information relates to a taxpayer who is or may be taxable by a county, city or town. Any Confidential Information released to City/Town:

- (a) May only be used for internal tax administration purposes as defined in A.R.S. § 42-2001(4); and
- (b) May not be disclosed to the public in any manner that does not comply with the Confidentiality Standards.

A.R.S. § 42-2003(G) provides that any release of Confidential Information that violates the Confidentiality Standards will result in the immediate suspension of any rights of City/Town to receive taxpayer information pursuant to Section 3.2 of this agreement. Under no circumstances shall the suspension of any right to receive taxpayer information adversely impact the delivery or transfer of any City/Town revenues in any manner.

**3.6 Specificity of Data:** Pursuant to A.R.S. § 42-6001, the Department and City/Town agree that the data fields identified in Appendix B and the JT-1, TPT-2 and TPT-EZ forms provided in Appendix C meet the specificity requirements of City/Town. The forms provided in Appendix C may be revised and replaced as needed by mutual agreement of the Department and City/Town based on approval by SMART.

#### **4. Audit**

The Department shall administer the audit functions with City/Town in accordance with the Standard Audit Life Cycle Process Map and with the following provisions.

**4.1 Training:** All auditors and supervisors shall be trained in accordance with the policies of the Department. Auditors who have not completed the training may only work in connection with a trained auditor and cannot be the only auditor assigned to the audit. The Department shall:

- (a) Provide semi-annual audit training in accordance with A.R.S. § 42-6002(C) and be responsible for the costs of the training, limited to the site and training materials;
- (b) Notify City/Town of any training sessions at least thirty calendar days before the date of the training session;

- (c) Permit City/Town auditors and supervisors to attend any scheduled training as space permits at any designated training location; and
- (d) Provide additional training, as needed, to inform auditors and supervisors regarding changes in State law, the Model City Tax Code, Audit Procedures or Department policy.

**4.2 Conflict of Interest:** An auditor or supervisor trained and authorized to conduct an audit may not conduct any of the following prohibited acts:

- (a) Represent a taxpayer in any tax matter against the Department or City/Town while employed or in an independent contractor relationship with the Department or City/Town.
- (b) Attempt to use his/her official position to secure any valuable thing or valuable benefit for himself/herself or his/her family members.
- (c) Represent a taxpayer before the Department or City/Town concerning any matter in which he/she personally participated for a period of one year after he/she ends employment or the independent contractor relationship with the Department or City/Town.
- (d) Use information he/she acquires in the course of the official duties as an auditor or supervisor in a manner inconsistent with his/her official duties without prior written approval from the Department.
- (e) For a period of one year after he/she ends employment or an independent contractor relationship with the Department or City/Town, work in the same firm as a person who represents a taxpayer against the Department or City/Town unless the firm institutes formal barriers to prevent any sharing of information between the trained auditor or supervisor and the remainder of the firm.

The Department may revoke an individual's authority to audit and prohibit the use of any auditor or supervisor who violates this provision.

**4.3 Audits and Refunds:**

- (a) City/Town may request the Department conduct an audit or review of any taxpayer engaged in business in City/Town, including a taxpayer whose business activity is subject to tax by the City/Town but is not subject to tax by the State. The Department and the cities and towns shall collaboratively establish and maintain minimum justification standards and procedures City/Town shall adhere to when submitting an audit request.
- (b) City/Town may conduct an audit of a taxpayer engaged in business only in City/Town. Before commencing such audit, City/Town shall submit a Field Audit Request Form. The Department will provide City/Town with a

determination to proceed or not within ten calendar days of the notice from City/Town.

- (c) Except as permitted below, the Department shall conduct all audits of taxpayers having locations in two or more cities or towns. A City/Town auditor may participate in any audit City/Town requested the Department to perform.
- (d) City/Town shall notify the Department if it wants to audit a taxpayer having locations in two or more Arizona cities or towns and whose business activity is subject to tax by the City/Town but is not subject to tax by the State. The Department will authorize such audits, to be overseen by the Department, unless there is already an audit of the taxpayer scheduled, or the Department determines the audit selection is discriminatory, an abuse of process or poses other similar defects. The Department will notify City/Town of its determination within fifteen (15) calendar days. No initial audit contact may occur between City/Town and a taxpayer until the Department approves the audit notice.
- (e) In the case of taxpayers doing business in more than one city/town:
  - (1) City/Town may either request the Department conduct an audit of a taxpayer having locations in two or more Arizona cities or towns and whose primary business is subject to both city and state tax, or
  - (2) City/Town may request to conduct an audit of a taxpayer having locations in two or more Arizona cities or towns and whose primary business is subject to both cities' and state tax.
  - (3) Requests pursuant to (e)(1) or (e)(2) shall be made using the Department's Field Audit Request Form. The Department shall notify City/Town of its decision regarding the request within fifteen (15) calendar days of receipt of the request.
- (f) The Department may deny a request for an audit in writing within 15 days of city/town request for the following reasons:
  - (1) An audit is already scheduled or planned for the taxpayer within six months of the request;
  - (2) The requested audit would interfere with strategic tax administration planning;
  - (3) The audit selection is discriminatory, an abuse of process or poses other similar defects;
  - (4) The request lacks sufficient information for the Department to determine whether it is appropriate;

- (5) The Taxpayer was audited within the previous two years;
  - (6) The Department lacks sufficient resources to conduct the audit; or
  - (7) The scope or subject of the audit does not justify the use of Department resources.
- (g) If the Department denies a request to conduct an audit because it either lacks resources to conduct the audit itself or the scope or subject of the audit does not justify the use of Department resources then City/Town shall notify the Department if it wants to conduct the audit under the supervision of the Department. No initial audit contact may occur between City/Town and a taxpayer until the Department's supervisor is appointed to the audit.
- (h) Any decision by the Department denying City/Town's request to conduct any audit may be referred to SMART in accordance with Section 14 of this Agreement.
- (i) All audits conducted by City/Town shall be in accordance with standard audit procedures defined in the Department audit manual and the Standard Audit Life Cycle Process Map. All auditors shall be trained in accordance with Section 4.1 above.
- (j) The Department may appoint a Department manager to supervise any audit conducted by City/Town.
- (k) All audits shall include all taxing jurisdictions in the State regardless of which jurisdiction's auditors participate in the audit. All desk reviews must include all taxing jurisdictions for which there is information provided by the taxpayer.
- (l) The Department shall issue all audit assessments on behalf of all taxing jurisdictions in a single notice to the taxpayer.
- (m) The Department shall issue amendments to audit assessments on behalf of all taxing jurisdictions in a single notice to the taxpayer.

#### **4.4 Claims for Refund:**

- (a) When a taxpayer files a request for refund, including refunds requested by filing amended returns, the Department shall process the request and review it for mathematical errors or for the failure of the taxpayer to properly compute the tax based on the taxable income reported on the return or refund request.
- (b) The Department will notify City/Town of all refund requests that are processed involving City/Town's Municipal Taxes within thirty calendar

days of processing the refund. City/Town may request an audit of the taxpayer as set forth in Section 4.3 above.

- (c) The Department may assign an auditor to review requests for refunds. The Department will notify City/Town, within thirty calendar days of initiating a review, of all refunds under review by an auditor pertaining to a taxpayer who engages in business within City/Town's taxing jurisdiction and may request that City/Town assist with such reviews. The Department may assign a refund request to a City/Town auditor for review. The Department may only assign refund requests to a City/Town auditor if the City/Town is involved in the refund request.
- (d) City/Town is responsible for payment of all amounts to be refunded to taxpayers for Municipal Tax incorrectly paid to City/Town. The Department may offset a remittance to City/Town under this Agreement to cover the amounts of allowed refunds paid to the Department. If there are insufficient funds available to pay the refund, City/Town must pay the Department within sixty days of written demand from the Department.
- (e) The Department shall issue refund approvals/denials on behalf of all taxing jurisdictions in a single notice to the taxpayer. City/Town may request copies of such determinations.

**4.5 Protests:** Taxpayer protests of audit assessments and desk review assessments and refund denials shall be directed to the Department. Appeals of audit assessments, desk review assessments and refund denials shall be administered pursuant to A.R.S. Title 42, Chapter 1, Article 6. The Department shall notify City/Town of any appeals within 30 days of receipt of the protest.

**4.6 Status Reports:** The Department shall keep SMART apprised of the status of each protested matter involving the imposition of Municipal Taxes. City/Town may request to be on a distribution list for monthly status reports by contacting the Department.

## **5. Voluntary Disclosure Agreements**

The Department may enter into a voluntary disclosure agreement with a taxpayer. A voluntary disclosure agreement may limit the years subject to audit and waive penalties. The Department will notify City/Town of the Department's intent to enter into an agreement and the Department will provide the taxpayer's identity within thirty (30) calendar days of disclosure. City/Town may request an audit of a taxpayer subject to a voluntary disclosure agreement pursuant to Section 4.3 above.

## **6. License Compliance**

- 6.1 **License Issuance and Renewal:** The Department shall issue new Municipal Tax licenses and renew such licenses for City/Town Municipal Tax. The Department of Revenue shall provide City/Town with information about all persons obtaining and renewing tax licenses as set forth in Appendix B.
- 6.2 **License Checks:** The Department and City/Town shall coordinate efforts to conduct tax license compliance checks through canvassing and other compliance methods.
- 6.3 **Confidentiality:** Any tax license information City/Town obtains from the Department is considered Confidential Information and may only be disclosed as authorized by A.R.S. § 42-2003. Any tax license information City/Town obtains through its own efforts may be disclosed as allowed by applicable City/Town laws.
- 6.4 **Changes to License Fees:** Within ten (10) business days following the adoption of an ordinance (or official acknowledgment of approval of an ordinance by voters in an election of a charter city) issuing or modifying a tax license fee, one copy of the ordinance and notification of the effective date of such ordinance shall be sent to the Department's City Services Unit. The Department shall not be obligated to begin collection of the new or modified fee any sooner than sixty calendar days after the date the Department received the ordinance from City/Town.

## 7. Closing Agreements

The Department shall notify City/Town before entering into a Closing Agreement and shall seek a range of settlement authority from City/Town related to the tax levied and imposed by City/Town in accordance with the Standard Audit Life Cycle Process.

## 8. Responsibility for Representation in Litigation

- 8.1 **Administrative Proceedings:** The Department shall be responsible for coordinating the litigation and defending the assessment or refund denial in any administrative appeals before the Office of Administrative Hearings or the Director of the Department regardless of the jurisdiction that conducted the audit in accordance with the Standard Audit Life Cycle Process Map. The Department shall be diligent in defending the interests of City/Town and City/Town shall assist in such representation as may be requested by the Department or by City/Town.
- 8.2 **Further Appeals:** The Arizona Attorney General is responsible for defending the assessment or refund denial at the Board of Tax Appeals, the Arizona Tax Court and all higher courts. City/Town shall assist the Attorney General in such representation and litigation as requested by the Attorney General's Office in accordance with the Standard Audit Life Cycle Process Map.

**8.3 Mutual Cooperation:** The Department and City/Town agree they shall cooperate in the appeal and litigation processes and shall ensure their auditors, supervisors, and other necessary employees are available to assist the Department and the Attorney General for informal interviews, providing documents and computer records, preparing for depositions, attending depositions and trial as witnesses, and assisting in trial/hearing preparation, as needed.

**8.4 Administrative Decisions:** The Department shall provide a copy of any and all administrative hearing level decisions, including Director's decisions issued by the Department to all jurisdictions on a distribution list. City/Town may request to be on the distribution list by contacting the Department's Cities Unit. Administrative decisions are Confidential Information and must be stored and destroyed in accordance with the Confidentiality Standards.

**9. Collection of Municipal Taxes**

**9.1 Tax Returns:** Taxpayers who are subject to City/Town Municipal Taxes shall pay such taxes to the Department. Tax payments shall be accompanied by a return prepared by taxpayer on a form prescribed by the Department.

**9.2 Collections:** The Department shall collect any Municipal Tax imposed by City/Town recorded on the Department's tax accounting system. Amounts the Department collects for delinquent City/Town Municipal Tax accounts after the termination of this Agreement shall be forwarded to City/Town. The Department and City/Town may enter into an additional agreement to provide joint collection efforts on the following terms:

- (a) **Training:** All City/Town collectors authorized to collect obligations in cooperation with the Department shall be trained in accordance with the policies of the Department. Training shall be provided in the same manner as set forth in Section 4.1 of this Agreement.
- (b) **Conflict of Interest:** A collector authorized under this provision may not:
  - (1) Represent a taxpayer in any tax matter against the Department or City/Town while employed by the City/Town.
  - (2) Attempt to use his/her official position to secure any valuable thing or valuable benefit for himself/herself or his/her family members.
  - (3) Represent a taxpayer before the Department or City/Town concerning any matter in which he/she personally participated for a period of one year after he/she ends employment with the City/Town.

- (4) Use information he/she acquires in the course of the official duties as a collector in a manner inconsistent with his/her official duties without prior written approval from the Department.
  - (5) For a period of one year after he/she ends employment with the City/Town, work in the same firm as a person who represents a taxpayer against the Department or City/Town unless the firm institutes formal barriers to prevent any sharing of information between the trained collector and the remainder of the firm.
- (c) **Revocation:** The Department may revoke an individual's or City/Town's authority to collect obligations under this section, subject to review by SMART upon request by the individual or City/Town.

**9.3 State of Arizona Liquor License Affidavit:** City/Town may request that the Department issue a liquor license affidavit. The Department will respond to the request via secured e-mail with a note stating complete, in-process, or unable to complete. When the City/Town request liquor license affidavits, they will need to elect the prescribed method if they are willing to pay for the Arizona Department of Liquor Licenses and Control (ADOLLC) hearing if the license is held for renewal until balance paid in full. The Department and City/Town will negotiate how the cost of the hearing will be shared between the Department and City/Town on a case by case basis.

**9.4 Uncollectible/Discretionary Write-offs:** The Department will share the annual list of uncollectible/discretionary write-offs prior to the end of fiscal year write-off event. City/Town will have 45 days to submit feedback.

**9.5 Remittance:** All amounts collected by the Department for Municipal taxes, penalties and interest under this Agreement shall be remitted to City/Town weekly on the basis of actual collections. To the extent possible, the Department shall initiate the electronic payment by noon on the Monday after the end of the week in which the collections were made. Remittance shall be made in the form of immediately available funds transferred electronically to the bank account designated by City/Town.

**9.6 Abatement:** The Department, with the approval of the Attorney General, may abate tax under certain circumstances. During the ordinary course of business, the Department may determine for various reasons that certain accounts shall be closed or cancelled. The Department shall seek input from City/Town or SMART before abating tax or closing accounts. The Department may request a telephonic meeting of SMART if time or circumstances require immediate action.

**9.7 Funds Owed to City/Town:** At all times and under all circumstances payments remitted by a taxpayer to the Department for City/Town Municipal Taxes will be considered property of City/Town. The Department may not retain or fail to remit such funds to City/Town for any reason not specifically set forth in this Agreement

including, but not limited to, during the course of a dispute between City/Town and the Department.

- 9.8 Adjustments to Reported Taxes:** If the Department determines that a payment remitted by a taxpayer incorrectly identifies the city or town to which the payment should be made, Department may temporarily hold the payment until the distribution of the payment is corrected to ensure the appropriate city or town receives the payment. If a payment by the Department has been made to an incorrect City/Town, the Department and affected cities or towns shall follow the Standard Inter-Jurisdictional Transfer Process Map.

**10. Taxpayer Rulings and Uniformity**

The Department shall be responsible for issuing taxpayer ruling requests and interpretations of the Model City Tax Code. City/Town acknowledges that pursuant to A.R.S. 42-6005(B), when the state statutes and Model City Tax Code are the same and where the Department has issued written guidance, the Department's interpretation is binding on cities and towns. The Department acknowledges that in all other situations, interpretation of the Model City Tax Code is the sole purview of Municipal Tax Code Commission or its designee. Designated persons must be authorized to receive confidential information as authorized by Section 3.1 of this agreement. The Department shall include at least two representatives of the municipalities as regular members of any group established to respond to taxpayer ruling requests and to issue uniform interpretations and guidance promulgated by the Department. This section is not intended to affect procedures for appeals and litigation as outlined in Section 4.5 and Section 8 of this agreement.

**11. Financing Collection of Taxes**

The costs incurred by the Department in administering this Agreement shall be financed through the State general fund appropriation to the Department. This provision does not relieve City/Town of any financial obligation imposed by statute.

**12. Inter-Jurisdictional Transfers**

The Department shall administer the inter-jurisdictional transfers of Municipal Tax monies in accordance with the Standard Inter-Jurisdictional Transfer Process Map.

**13. Education and Outreach Efforts**

To further its focus on serving taxpayers and to commitment of funding Arizona's future through enhanced customer service, continuous improvement, innovation, the Department is also expanding its outreach and education program to connect with all citizens of Arizona, strategically working with taxpayer and industry groups, tax practitioners and Arizona's Cities and Towns to ensure tax education of individual and business taxpayers.

Any City/Town may further this mission, at its own expense, in providing education and outreach to taxpayers and business. Education and Outreach shall be consistent with applicable law and Department written guidance.

Increased Education and Outreach Efforts among the Department and the Cities/Towns will ensure collaborative partnerships that are beneficial to both that emphasizes an ongoing two-way exchange of information and communication on issues of common interest and is meant to promote cooperation in areas of overlapping special projects. Therefore, upon request, City/Town shall provide information to the Department concerning such education and outreach efforts.

The Department shall implement the workings of an Ambassador Program; whereby, the Department provides structure/support of curriculum for education related to tax administration and compliance. The City/Town will have a standard work process when participating in ADOR-led educational events.

The City/Town shall have a dedicated primary point of contact (PPOC) on its list of duly authorized representatives, who is located in Arizona and is tasked with sending and receiving communications between the ADOR and the Cities/Towns.

#### **14. State & Municipal Audit Resolution Team ("SMART")**

**14.1 Members:** The members shall consist of four seats representing municipal taxing jurisdictions and four seats representing the Department. Member seats may be split so some people fill the position for only certain issues, such as audit selection or collection abatement. There shall also be a list of alternate members, who may be asked by a regular member who is unable to attend a meeting to take that member's place at a SMART meeting.

**14.2 Selection:** The Director of the Department shall appoint people to serve as members of SMART. Municipal taxing jurisdictions shall nominate members from municipal taxing jurisdictions.

**14.3 Meetings:** SMART shall meet monthly unless there is no business to be conducted. Additional meetings can be scheduled as necessary to timely discuss issues presented. Alternate members may attend meetings but cannot vote unless filling the seat of a regular member.

**14.4 Issues:** The Department or City/Town may refer issues to SMART to include, but not limited to:

- (a) Decisions by the Department to not audit a taxpayer;
- (b) Amendments to Department audit procedures or manuals;
- (c) Closing Agreements or a range of settlement authority;
- (d) Abatement or account closure in collections;
- (e) Suspension of disclosure of information from the Department;
- (f) Unresolved disagreement regarding proposed changes to process maps listed in Sections 1.16, 1.17 and 1.18;
- (g) Revocation of collection authority; and
- (h) Other issues as authorized by the Director of the Department or agreed upon by the parties.

**14.5 Recommendations:** SMART shall make recommendations to the Director of the Department or Director's designee. If the recommendation is approved by at least five members of SMART, the Director will accept the recommendation of SMART. If SMART cannot reach a recommendation agreeable to at least five members of the group, the Director or Director's designee may act as he deems to be in the best interests of all parties. Notwithstanding the above, upon request by a City/Town, the Director will submit his decision to the Attorney General's Office for review.

**14.6 Voting:** Any voting member of the committee may request the vote be held by secret ballot.

**14.7 Procedures:** SMART shall develop procedures concerning the operation of the group consistent with this Agreement.

## **15. Funding of Additional Auditors by City/Town**

**15.1 Funding:** At the sole discretion of City/Town, City/Town may contribute funding to the Department to pay for additional auditors to assist the Department in the performance of audits of Municipal Tax owed to City/Town. Such additional auditors funded by City/Town shall at all times be deemed to be employees of the Department and under no circumstances shall be deemed to be employees or agents of City/Town. It is the parties' intention that City/Town funding be used to increase the capabilities of the Department to perform Municipal Tax audits and not to subsidize or replace State funding required for audit and collection of taxes.

**15.2 Use of Funds:** City/Town funding for additional auditors under this Section shall be used to fund the auditors' salaries and related expenses and shall not be used to

pay for Department office space, utilities, equipment, supplies, or similar kinds of overhead.

**15.3 Pool of Funds:** The Department may pool any City/Town funding with any other similar funding provided by other municipal taxing jurisdictions to pay for additional auditors dedicated to serving those jurisdictions. The Department shall separately account for such funds in its annual budget.

**15.4 Accounting:** The Department shall provide an annual accounting to City/Town, by August 31 each year describing how City/Town funding was used during the prior fiscal year.

**16. Satellite Offices for Department Auditors**

**16.1 Funding:** City/Town, at its own expense and at its sole discretion, may provide one or more satellite offices and associated amenities for use by Department employees to provide audit and/or customer service to taxpayers. Use of such facilities by Department employees shall be at the sole discretion of the Department. Nothing in this section shall require the Department to make use of such facilities provided by City/Town.

**16.2 Requirements:** Any Department employee using a City/Town satellite office must meet reasonable requirements of City/Town related to the use of the facility. City/Town shall be responsible for notifying the Department of any concerns, and the Department shall be responsible for taking appropriate actions to resolve those concerns.

**16.3 Termination:** Once a satellite office is established, City/Town shall provide at least 180 calendar days written notice to the Department prior to the termination or relocation of a satellite office. The Department may discontinue the use of a satellite office at any time upon notice to City/Town and shall promptly remove all Department property.

**16.4 License:** All requirements of City/Town and the Department related to the satellite office shall be outlined in a mutually acceptable form of license and subject to separate approval.

**17. Non-availability of Funds**

Every payment obligation of the Department and the City/Town pursuant to this Agreement is conditioned upon the availability of funds appropriated or allocated for the payment of such obligation, except for the rendering of funds to City/Town paid by a taxpayer for Municipal Taxes or tax license fees of City/Town. If funds are not appropriated, allocated and available or if the appropriation is changed resulting in funds no longer being available

for the continuance of this Agreement, this Agreement may be terminated at the end of the period for which funds are available. No liability shall accrue to the State in the event this provision is exercised, and the State shall not be obligated or liable for any future payments or for any damages as a result of termination under this Section. The termination of this Agreement shall not entitle the Department to retain any Municipal Tax collected on behalf of City/Town pursuant to this Agreement.

**18. Waiver**

Nothing in this Agreement should be interpreted as City/Town relinquishing its legal rights under the Arizona Constitution or other applicable law, nor that City/Town is conceding the administration and collection of its Municipal Tax is not of a local interest or should not be under local control.

**19. Cancellation**

The requirements of A.R.S. § 38-511 apply to this Agreement. The Department or City/Town may cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Department or City/Town is, at any time while this Agreement or any extension is in effect, an employee, agent or consultant of the other party with respect to the subject matter of this Agreement. The obligation of the Department to remit City/Town taxes shall survive cancellation.

**20. Notice**

- (a) When any Notice to City/Town is required under the terms of this Agreement, such Notice shall be sent by electronic correspondence to:

Town of Fountain Hills  
Finance Director  
16705 E Avenue of the Fountains  
Fountain Hills, AZ 85268

David Pock, Finance Director, email: [dpock@fh.az.gov](mailto:dpock@fh.az.gov)

- (b) When any Notice to the Department is required under the terms of this Agreement, such Notice shall be sent by electronic correspondence to: [cityservices@azdor.gov](mailto:cityservices@azdor.gov).

**21. Non-discrimination**

The Department and City/Town shall comply with Executive Order 2009-9, which mandates all persons, regardless of race, color, religion, sex, age, or national origin, shall have equal access to employment opportunities, and all other applicable State and Federal employment laws, rules, and regulations, including the Americans with Disabilities Act. The Department and City/Town shall take affirmative action to ensure applicants for employment and employees are not discriminated against due to race, creed, color, religion, sex, national origin or disability.

**22. Compliance with Immigration Laws and A.R.S. § 41-4401**

**22.1** The Department and City/Town shall comply with all Federal immigration laws and regulations relating to employees and warrants compliance with A.R.S. § 23-214(A) which reads in part: “After December 31, 2007, every employer, after hiring an employee, shall verify the employment eligibility of the employee through the e-verify program.”

**22.2** A breach of compliance with immigration laws and regulations shall be deemed a material breach of this Agreement and may be grounds for the immediate termination of this Agreement.

**22.3** The Department and City/Town retain the legal right to inspect the papers of any employee who works on the Agreement to ensure the Department and City/Town is complying with the applicable Federal immigration laws and regulations and State statutes as set forth above.

**23. Audit of Records**

City/Town and the Department shall retain all data, books, and other records (“Records”) relating to this Agreement for at least six (6) years (a) after termination of this Agreement, and (b) following each annual renewal thereof. All Records shall be subject to inspection by the Department at reasonable times. Upon request, the Department and City/Town shall produce any or all such records. This Agreement is subject to A.R.S. §§ 35-214 and -215.

**24. Amendments**

Any amendments to the enumerated provisions or Appendices A, B, and C of this Agreement must be executed in writing in accordance with the provisions of this Agreement. The Standard Process Maps described within certain enumerated provisions are not themselves part of the Agreement.

**25. Mutual Cooperation**

In the event of a disagreement between the parties with regard to the terms, provisions and requirements of this Agreement or in the event of the occurrence of any circumstances bearing upon or affecting this Agreement, parties hereby agree to mutually cooperate in order to resolve the said disagreement or deal with the said circumstance.

**26. Arbitration**

To the extent required by A.R.S. § 12-1518(B) and as provided for in A.R.S. § 12-133, the parties agree to resolve any dispute arising out of this Agreement by arbitration. The parties agree that any lawsuit filed by City/Town relating to the issues outlined in Section 17 of this Agreement is not considered to be a dispute arising out of this Agreement.

**27. Implementation**

The implementation and execution of the provisions of this Agreement shall be the responsibility of the Director of the Department or his representative and the Mayor his/her designee, or another party with designated authority pursuant to applicable law or City/Town charter on behalf of City/Town.

**28. Limitations**

Nothing in this Agreement shall be construed as limiting or expanding the statutory responsibilities of the parties in performing functions beyond those granted to them by law, or as requiring the parties to expend any sum in excess of their appropriations.

**29. Duration**

**29.1** The term of this Agreement shall commence from the latest date as indicated in Section 32 and continue in force through December 31st of that same year unless canceled or terminated as provided herein. The term of the Agreement shall automatically be extended for successive one (1) year terms commencing on January 1st and ending on December 31st of each year thereafter unless canceled or terminated as provided herein. Amendments to this Agreement that are negotiated and agreed to by a simple majority of the review committee referenced in Section 29.5 shall thereafter be executed by the parties hereto by a separate, signed amendment and incorporated herein to be effective during the term of the Agreement and any extensions. This Agreement may be canceled or terminated effective on December 31st of any year by either party by providing written notice

no later than sixty (60) calendar days prior to the expiration of the term then in effect. This Agreement shall expire on December 31st of any year the Department is subject to sunset review. Upon expiration, cancellation or termination, any subsequent Agreement must be ratified through signature by both parties.

- 29.2** If State legislation enacted subsequent to the date of this Agreement substantially affects the performance of this Agreement by either party or substantially diminishes the benefits either party would receive under this Agreement, either party may then terminate this Agreement by giving at least thirty calendar days' notice to the other party. The termination will become effective immediately upon the expiration of the notice period unless otherwise agreed to by the parties.
- 29.3** Notwithstanding any provision to the contrary herein, both parties may by mutual agreement provide for the termination of this contract upon such terms and at such time as is mutually agreeable to them.
- 29.4** Any notice of termination shall be mailed and served on the other party in accordance with Section 20 of this Agreement.
- 29.5** During the term of this Agreement, the terms and conditions of this Agreement will undergo an annual review to be initiated no later than June 1st of each year. The review will be performed by a committee made up of equal parts representatives of the Department and representatives of the municipal taxing jurisdictions entering into an IGA with the Department for the administration and collection of Municipal Taxes.

**30. Choice of Law**

The laws and regulations of the State of Arizona shall govern the rights of the parties, the performance of this Agreement, and any disputes arising from this Agreement.

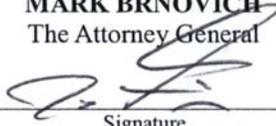
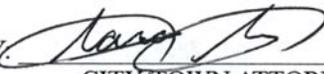
**31. Entire Agreement**

This document, including the specific appendices attached hereto, and any approved subcontracts, amendments and modifications made thereto, shall constitute the entire Agreement between the parties and shall supersede all other understandings, oral or written.

**32. Signature Authority**

32.1 By signing below, the signer certifies he or she has the authority to enter into this Agreement on behalf of his or her respective party, and he or she has read the foregoing and agrees to accept the provisions herein on said party's behalf.

32.2 This Intergovernmental Agreement may be executed in counterpart.

	
Signature _____ Date <u>5 July 2019</u>	Signature _____ Date _____
Grant Nülle, Deputy Director <small>Typed Name and Title</small>	Ginny Dickey, Mayor <small>Typed Name and Title</small>
Arizona Department of Revenue <small>Entity Name</small>	Town of Fountain Hills <small>Entity Name</small>
1600 W. Monroe <small>Address</small>	16705 E Avenue of the Fountains <small>Address</small>
Phoenix Arizona 85007 <small>City State Zip</small>	Fountain Hills Arizona 85268 <small>City State Zip</small>
<b>RESERVED FOR THE ATTORNEY GENERAL:</b>	<b>RESERVED FOR CITY/TOWN ATTORNEY:</b>
<p>This agreement between public agencies has been reviewed pursuant to A.R.S. § 11-952 by the undersigned Assistant Attorney General who has determined that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona to the Arizona Department of Revenue represented by the Attorney General.</p> <p><b>MARK BRNOVICH</b> The Attorney General</p>  <small>Signature</small> Assistant Attorney General Date: <u>7/12/19</u>	<p>APPROVED AS TO FORM AND AUTHORITY:</p> <p>BY:   <small>CITY/TOWN ATTORNEY</small></p> <p>Date: <u>06/04/19</u></p>

## APPENDIX A

### **ARIZONA DEPARTMENT OF REVENUE CONFIDENTIALITY REQUIREMENTS**

#### 1. Confidential Information

- 1.1 Confidential Information is defined in A.R.S § 42-2001. Confidential Information may not be disclosed except as provided by statute. A.R.S. § 42-2001(B).
- 1.2 License information obtained from the Department of Revenue is Confidential Information and may only be disclosed as authorized by A.R.S. § 42-2003. License information obtained from other sources is not Confidential Information.
- 1.3 Information about a taxpayer's identity obtained from the Department of Revenue is Confidential information and may only be disclosed as authorized by A.R.S. § 42-2003. Identity information obtained from other sources is not Confidential Information.
- 1.4 Confidential Information includes information about a single taxpayer and also aggregated information about a group of identified or identifiable taxpayers. Aggregated information from fewer than three taxpayers in a grouping on a statewide basis or fewer than ten taxpayers in a grouping for an area that is less than state level (city or town) may be Confidential Information. Such information may not be released unless the City/Town Administrator reviews the relevant information concerning the aggregate data and makes a determination in writing that the aggregate data does not reveal information about any specific taxpayer. Such determination should take into consideration the following:
  - a. The proportionality of the tax information applicable to individual members of the group of taxpayers; no individual taxpayer's information should be discernable due to its relative size/taxable sales, compared to other members of the group;
  - b. The total aggregated tax information; the aggregate information cannot allow viewers to draw conclusions about individual taxpayers (e.g., there are 6 car dealers in the city and the total aggregate sales were \$900,000 and none of them reported individual sales above the \$20,000 mark, which would have qualified for the lower tax rate on large purchases)
  - c. Any other factor that could cause the aggregate data to be used to determine information specific to a single taxpayer.

#### 2. Protecting Information

- 2.1 City/Town must identify all places, both physical and logical, where Confidential Information is received, processed and stored and create a plan to adequately secure those areas.

- 2.2 Confidential Information must be protected during transmission, storage, use, and destruction. City/Town must have policies and procedures to document how it protects its information systems, including Confidential Information contained therein. An example of appropriate protection standards is set forth in National Institute of Standards and Technology Special Publication 800-53. The publication may be found at <http://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.SP.800-53r4.pdf>
- 2.3 Employees are prohibited from inspecting information unless they have a business reason for the information. Browsing information concerning friends, neighbors, family members, or people in the news is strictly prohibited.
- 2.4 All removable media, including paper and CDs, containing Confidential Information must be secured when not in use and after normal business hours by placing all materials in a locked drawer or cabinet. During use, Confidential Information must be protected so that it is not visible to members of the public or anyone without a business need for the information.
- 2.5 All individuals accessing or storing Confidential Information from an alternative work site must enter into a signed agreement that specifies how the Confidential Information will be protected while at that site. Only trusted employees shall be permitted to access Confidential Information from alternative sites. Confidential Information may not be accessed while in public places such as restaurants, lounges, or pools.
- 2.6 Confidential Information may not be sent outside the local area network by unencrypted email. City/Town is responsible for ensuring in-flight email communications containing Confidential Information are sent through a secure process. This may include encryption of the email message, a secure mailbox controlled by City/Town, an encrypted point-to-point tunnel between the correspondents or use of Transport Layer Security (TLS) between correspondents. The acceptable encryption algorithms are set forth in the standards attached as Exhibit 1, which may be updated to accommodate changed technology.
- 2.7 Confidential Information may not be discussed in elevators, restrooms, the cafeteria, or other public areas. Terminals should be placed in such a manner that prohibits public viewing of Confidential Information.
- 2.8 When transporting confidential materials the materials should be covered so that others cannot see the Confidential Information. When sending Confidential Information by fax a cover sheet should always be used.
- 2.9 Any person with unsupervised access to Confidential Information shall receive training on the confidentiality laws and requirements to protect such information before being given access to such Information and annually thereafter. They must sign certificates after the training acknowledging that they understand their responsibilities. City/Town must keep records to document this training and certification.

### 3. Disclosure of Information

- 3.1 Confidential Information may only be disclosed as permitted by A.R.S. § 42-2003.
- 3.2 Confidential Information is confidential by statute and, therefore, does not have to be disclosed in response to a public records request. A state agency may deny inspection of public records if the records are confidential by statute. *Berry v. State*, 145 Ariz. 12, 13 699 P.2d 387, 388 (App. 1985).
- 3.3 A taxpayer may designate a person to whom Confidential Information may be disclosed by completing a Department of Revenue Form 285, or such other form that contains the information included in the Form 285. City/Town may contact the Department of Revenue's Disclosure Officer if there are any questions concerning this requirement.

### Disposal of Information

- 4.1 All removable media containing Confidential Information must be returned to the Department of Revenue or sanitized before disposal or release from the control of City/Town.
- 4.2 Confidential Information may be destroyed by shredding or burning the materials when no longer needed. Confidential Information may not be disposed of by placing the materials in the garbage or recycle bins. Destruction of Confidential Information may be performed by a third party vendor. City/Town must take appropriate actions to protect the Confidential Information in transit and storage before it is destroyed, such as periodic inspections of the vendor.
- 4.3 Computer system components and devices such as copiers and scanners that have been used to store or process Confidential Information may not be repurposed for non-tax administration uses unless the memory or hard drive of the device is sanitized to ensure under no circumstances Confidential Information can be restored or recovered.

## EXHIBIT 1

### ENCRYPTION STANDARDS

**1.0 Acceptable Encryption Algorithms** – The following encryption algorithms are considered acceptable for use in information systems to protect the transmission or storage of Confidential Information and system access.

**1.1.1 Acceptable Security Strength** – the security strength of an encryption algorithm is a projection of the time frame during which the algorithm and the key length can be expected to provide adequate security. The security strength of encryption algorithms is measured in bits, a measure of the difficulty of discovering the key.

a. The current minimum key strength for Confidential Information is 112 bits.

**1.1.2 Symmetric Encryption Algorithms** – The following symmetric encryption algorithms are considered acceptable for use.

Algorithm	Reference	Acceptable Key Strengths
Advanced Encryption Standard (AES)	FIPS 197	128, 192 or 256 bits
Triple Data Encryption Algorithm (TDEA) (three key 3DES)	SP 800-67	168 bits

**1.1.3 Key Agreement Schemes** – The following key agreement schemes are considered acceptable for use

Key Agreement Scheme	Reference	Acceptable Key Strengths	
		Finite Fields	Elliptical Curves
Diffie-Hellman (DH) or MOV	SP 800-56A	P = 2048	N: 224-255 and H=14 N: 256-383 and H=16
	SP 800-135	Q = 224 or 256	N: 384-511 and H=24 N: 512+ and H=32
RSA – based	SP 800-131A	N = 2048	

**1.1.4 Hash Functions** – The following hash functions are considered acceptable for use

Digital Signature Generation	Digital Signature Verification	Non-digital signature generation applications
SHA-224	SHA-224	SHA-1
SHA-256	SHA-256	SHA-224
SHA-384	SHA-384	SHA-256

SHA-512	SHA-512	SHA-384 SHA-512
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**1.1.5 Digital Signature Algorithms** – The following digital signature algorithms are considered acceptable for use.

Digital Signature Algorithm	FIPS Publication	Digital Signature Generation Settings	Digital Signature Verification Settings	Relative Strengths
Digital Signature Standard (DSA)	FIPS 186-4	p >= 2048 q = 224	p >= 2048 q = 224	>= 112 bits
RSA Digital Signature	FIPS 186-4	2048	2048	>= 112 bits
ECDSA	FIPS 186-4	224	224	>= 112 bits

**1.1.6 Message Signature Algorithms** – The following digital signature algorithms are considered acceptable for use.

Hash Algorithms	Hash Generation	Hash Verification
HMAC	>= 112 bits	>= 112 bits
CMAC	AES, 3DES	AES, 3DES
CCM and GCM/GMAC	AES	AES

## APPENDIX B

From the effective date of this Agreement until the new functionalities set forth below are implemented, the Department of Revenue will provide the following reports:

City Payment Journal Detail;  
City Payment Journal Summary;  
New License Report

Within 30 days after the first month's implementation of the JT2, the Department of Revenue will provide a new License Report and License Update Report containing at least the following fields:

### NEW LICENSE REPORT AND LICENSE UPDATE REPORT

Fields displayed:

- Region Code
- Run Date
- Report Start Date
- Report End Date
- Update Date
- ID Type
- ID
- Account ID
- Entity Name
- Ownership Type
- License ID
- OTO/Applied For indicator
- Bankruptcy Indicator
- Filing Frequency
- Issue Date
- Account Start Date
- Business Start Date
- Arizona Start Date
- Doc Loc Nbr
- Accounting Method
- Close Date
- Close Code
- Business Description
- NAICS1
- NAICS2
- NAICS3
- NAICS4
- Mailing Street1
- Mailing Street2
- Mailing Street3
- Mailing City

- Mailing State
- Mailing ZIP
- Mailing Country
- Mailing Phone Number
- Mailing Address Add date
- Mailing Address End Date
- Audit Street1
- Audit Street 2
- Audit Street 3
- Audit City
- Audit State
- Audit Zip
- Audit Country
- Audit Phone Number
- Audit Address Add Date
- Audit Address End Date
- Location Code
- Business Codes
- Location Name (DBA)
- Number of Units
- Location Street 1
- Location Street 2
- Location Street 3
- Location City
- Location State
- Location Zip
- Location Country
- Location Phone Number
- Location Start Date
- Location End Date
- Primary Location Street 1
- Primary Location Street 2
- Primary Location Street 3
- Primary Location City
- Primary Location State
- Primary Location Zip Code
- Primary Location Country
- Primary Location Phone Number
- Primary Location Start Date
- Primary Location End Date
- Owner Name
- Owner Title
- Owner Name 2
- Owner Title 2
- Owner Name 3
- Owner Title 3

Within 30 days of the implementation of the TPT2, the Department of Revenue will provide the following reports with at least the fields indicated below:

#### CITY PAYMENT JOURNAL

- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Period End Date
- Payment received date
- Return received date
- Payment process date
- Return process date
- Filing Frequency
- License ID
- Entity Name
- Location Code
- Location Name (DBA)
- Location Street 1
- Location Street 2
- Location Street 3
- Location City
- Location State
- Location Zip
- Location Country
- NAICS
- Business Code
- Doc Loc Nbr
- Pmt Loc Nbr
- Gross Receipts
- Total Deductions
- Tax or Fee Collected
- P & I Collected
- Audit Collections
- Tran Type
- Tran Subtype
- Rev Type

#### CITY PAYMENT JOURNAL SUMMARY

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Business Code
- Number of Accounts

- Collections

Within 30 days after the first month's implementation of the TPT2, the following reports with at least the fields indicated below:

#### NO MONEY REPORT

- Region Code
- GL Accounting Period
- Period End Date
- Payment received date
- Return received date
- Payment process date
- Return process date
- Filing Frequency
- License ID
- Entity Name
- Location Code
- Location Name (DBA)
- Location Street 1
- Location Street 2
- Location Street 3
- Location City
- Location State
- Location Zip
- Location Country
- NAICS
- Business Code
- Doc Loc Nbr
- Pmt Loc Nbr
- Gross Receipts
- Total Deductions
- Tax or Fee Collected
- P & I Collected
- Audit Collections
- Tran Type
- Tran Subtype

#### DEDUCTION REPORT

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Period End Date
- License ID
- Entity Name

- Location Code
- Location Name (DBA)
- Business Code
- Doc Loc Nbr
- Deduction Code
- Deduction Amount
- Tran Type
- Tran Subtype
- Rev Type

Within 30 days after taxes (subject to fund distributions) are collected, the Department of Revenue will provide the following report with at least the fields indicated below:

#### FUND DISTRIBUTION REPORT

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Period End Date
- Payment Received Date
- Return Received Date
- Payment Processed Date
- Return Processed Date
- License ID
- Entity Name
- Location Code
- Location Name (DBA)
- Business Code
- Doc Loc Nbr
- Fund Allocation Code
- Amount Distributed

#### FUND DISTRIBUTION SUMMARY REPORT

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Fund Allocation Code
- Amount Distributed

## ARIZONA JOINT TAX APPLICATION (JT-2)



**License & Registration**  
**ARIZONA DEPARTMENT OF REVENUE**  
 PO BOX 29032  
 Phoenix, AZ 85038-9032

- IMPORTANT!** Incomplete applications WILL NOT BE PROCESSED.
- Please read form instructions while completing the application. Additional information and forms available at [www.azdor.gov](http://www.azdor.gov)
  - Required information is designated with an asterisk (\*).
  - Return completed application AND applicable license fee(s) to address shown at left.
  - For licensing questions regarding transaction privilege tax, call Taxpayer Information & Assistance: (602) 542-4576

**You can file and pay for this application online at [www.AZTaxes.gov](http://www.AZTaxes.gov). It is fast and secure.**

### SECTION A: Business Information

<b>1*</b> Federal Employer Identification No. or Social Security No. <small><i>if sole proprietor without employees</i></small>	<b>2*</b> License Type – <i>Check all that apply:</i> <input type="checkbox"/> Transaction Privilege Tax (TPT) <span style="float: right;"><input type="checkbox"/> Use Tax</span> <input type="checkbox"/> Withholding/Unemployment Tax <small><i>(if hiring employees)</i></small> <span style="float: right;"><input type="checkbox"/> TPT for Cities ONLY</span>																
<b>3*</b> Type of Organization/Ownership – <i>Tax exempt organizations must attach a copy of the Internal Revenue Service's letter of determination.</i> <table style="width: 100%; border: none;"> <tr> <td><input type="checkbox"/> Individual/Sole Proprietorship</td> <td><input type="checkbox"/> Subchapter S Corporation</td> <td><input type="checkbox"/> Government</td> <td><input type="checkbox"/> Joint Venture</td> </tr> <tr> <td><input type="checkbox"/> Corporation</td> <td><input type="checkbox"/> Association</td> <td><input type="checkbox"/> Estate</td> <td><input type="checkbox"/> Receivership</td> </tr> <tr> <td style="padding-left: 20px;">State of Inc. _____</td> <td><input type="checkbox"/> Partnership</td> <td><input type="checkbox"/> Trust</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Date of Inc. <u>  M  M  D  D  Y  Y  Y  Y  </u></td> <td><input type="checkbox"/> Limited Liability Company</td> <td><input type="checkbox"/> Limited Liability Partnership</td> <td></td> </tr> </table>		<input type="checkbox"/> Individual/Sole Proprietorship	<input type="checkbox"/> Subchapter S Corporation	<input type="checkbox"/> Government	<input type="checkbox"/> Joint Venture	<input type="checkbox"/> Corporation	<input type="checkbox"/> Association	<input type="checkbox"/> Estate	<input type="checkbox"/> Receivership	State of Inc. _____	<input type="checkbox"/> Partnership	<input type="checkbox"/> Trust		Date of Inc. <u>  M  M  D  D  Y  Y  Y  Y  </u>	<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Limited Liability Partnership	
<input type="checkbox"/> Individual/Sole Proprietorship	<input type="checkbox"/> Subchapter S Corporation	<input type="checkbox"/> Government	<input type="checkbox"/> Joint Venture														
<input type="checkbox"/> Corporation	<input type="checkbox"/> Association	<input type="checkbox"/> Estate	<input type="checkbox"/> Receivership														
State of Inc. _____	<input type="checkbox"/> Partnership	<input type="checkbox"/> Trust															
Date of Inc. <u>  M  M  D  D  Y  Y  Y  Y  </u>	<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Limited Liability Partnership															
<b>4*</b> Legal Business Name																	
<b>5*</b> Mailing Address – number and street <span style="float: right;">City <span style="margin-left: 100px;">State</span> <span style="margin-left: 20px;">ZIP Code</span></span> County/Region <span style="float: right;">Country</span>																	
<b>6*</b> Business Phone No. <small><i>(with area code)</i></small>	<b>7</b> Email Address																
<b>8</b> Fax Number <small><i>(with area code)</i></small>																	
<b>9*</b> Description of Business: <i>Describe merchandise sold or taxable activity.</i>																	
<b>10* NAICS Codes:</b> Available at <a href="http://www.azdor.gov">www.azdor.gov</a>																	
<b>11*</b> Did you acquire or change the legal form of an existing business? <input type="checkbox"/> No <input type="checkbox"/> Yes → You must complete Section F.	<b>12*</b> Are you a construction contractor? <input type="checkbox"/> No <input type="checkbox"/> Yes <small><i>(see bonding requirements)</i></small>																
<b>BONDING REQUIREMENTS:</b> Prior to the issuance of a Transaction Privilege Tax license, new or out-of-state contractors are required to post a Taxpayer Bond for Contractors unless the contractor qualifies for an exemption from the bonding requirement. The primary type of contracting being performed determines the amount of bond to be posted. Bonds may also be required from applicants who are delinquent in paying Arizona taxes or have a history of delinquencies. Refer to the publication, Taxpayer Bonds, available online at <a href="http://www.azdor.gov">www.azdor.gov</a> or in Arizona Department of Revenue offices.																	
<b>WITHHOLDING LICENSE ONLY</b>																	
<b>13*</b> Withholding Physical Location Number and street <small><i>(Do not use PO Box, PMB or route numbers)</i></small> <span style="float: right;">City <span style="margin-left: 100px;">State</span> <span style="margin-left: 20px;">ZIP Code</span></span> County/Region <span style="float: right;">Country</span>																	

Continued on page 2 →

FOR AGENCY USE ONLY		
	ACCOUNT NUMBER	DLN
<input type="checkbox"/> New	START	TRANSACTION PRIVILEGE TAX
<input type="checkbox"/> Change	S/E DATE	WITHHOLDING / SSN / EIN
<input type="checkbox"/> Revise	COMPLETED DATE	EMPLOYEE'S NAME
<input type="checkbox"/> Reopen	LIABILITY	LIABILITY ESTABLISHED

CASHIER'S STAMP ONLY. DO NOT MARK IN THIS AREA.

Name (as shown on page 1)	FEIN or SSN (as shown on page 1)
---------------------------	----------------------------------

**SECTION B: Identification of Owners, Partners, Corporate Officers Members/Managing Members or Officials of this Employing Unit**

*If you need more space, attach Additional Owner, Partner, Corporate Officer(s) form available at [www.azdor.gov](http://www.azdor.gov). If the owner, partners, corporate officers or combination of partners or corporate officers, members and/or managing members own more than 50% of or control another business in Arizona, attach a list of the businesses, percentages owned and unemployment insurance account numbers or provide a Power of Attorney (Form 285) which must be filled out and signed by an authorized corporate officer.*

<b>Owner 1</b>	*Social Security No.	*Title	*Last Name	First Name	Middle Intl.
	*Street Address		*City	*State	* % Owned
	*ZIP Code	*County	*Phone Number (with area code)		*Country
<b>Owner 2</b>	*Social Security No.	*Title	*Last Name	First Name	Middle Intl.
	*Street Address		*City	*State	* % Owned
	*ZIP Code	*County	*Phone Number (with area code)		*Country
<b>Owner 3</b>	*Social Security No.	*Title	*Last Name	First Name	Middle Intl.
	*Street Address		*City	*State	* % Owned
	*ZIP Code	*County	*Phone Number (with area code)		*Country

**SECTION C: Transaction Privilege Tax (TPT)**

1* Date Business Started in Arizona <i>M, M, D, D, Y, Y, Y, Y</i>	2* Date Sales Began <i>M, M, D, D, Y, Y, Y, Y</i>	3 What is your anticipated annual income for your first twelve months of business?	
4 Filing Frequency <input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Seasonal <input type="checkbox"/> Annual			
If seasonal filer, check the months for which you intend to do business: <input type="checkbox"/> JAN <input type="checkbox"/> FEB <input type="checkbox"/> MAR <input type="checkbox"/> APR <input type="checkbox"/> MAY <input type="checkbox"/> JUN <input type="checkbox"/> JUL <input type="checkbox"/> AUG <input type="checkbox"/> SEP <input type="checkbox"/> OCT <input type="checkbox"/> NOV <input type="checkbox"/> DEC			
5 Does your business sell tobacco products? <input type="checkbox"/> Yes → <input type="checkbox"/> Retailer OR <input type="checkbox"/> Distributor		6 TPT Filing Method <input type="checkbox"/> Cash Receipts <input type="checkbox"/> Accrual	
7 Does your business sell new motor vehicle tires or vehicles? <input type="checkbox"/> Yes → You will have to file Motor Vehicle Tire Fee form available at <a href="http://www.azdor.gov">www.azdor.gov</a>			
8* Tax Records Physical Location – number and street <i>(Do not use PO Box, PMB or route numbers)</i>			City
			State
			ZIP Code
County			Country
9* Name of Contact		* Phone Number (with area code)	Extension

**SECTION D: Transaction Privilege Tax (TPT) Physical Location**

1* Business Name, "Doing Business As" or Trade Name at this Physical Location			
2* Physical Location of Business or Commercial/Residential Rental Number and street <i>(Do not use PO Box, PMB or route numbers)</i>		City	State
			ZIP Code
County/Region		Country	
Residential Rental Only – Number of Units		Reporting City <i>(if different than the physical location city)</i>	
3* Additional County/Region Indian Reservation: County/Region and Indian Reservation Codes available at <a href="http://www.azdor.gov">www.azdor.gov</a>			
County/Region		City	
Business Codes (Include all codes that apply): See instructions. Complete list available at <a href="http://www.azdor.gov">www.azdor.gov</a>			
State/County		City	

*If you need more space, attach Additional Business Locations form available at [www.azdor.gov](http://www.azdor.gov)*

Name (as shown on page 1)	FEIN or SSN (as shown on page 1)
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**SECTION E: Withholding & Unemployment Tax Applicants**

<p>1* Regarding THIS application, Date Employees First Hired in Arizona                  M, M   D, D   Y, Y, Y, Y</p>	<p>2 Are you liable for Federal Unemployment Tax?  <input type="checkbox"/> Yes → First year of liability: Y, Y, Y, Y</p>								
<p>3 Are individuals performing services that are excluded from withholding or unemployment tax?  <input type="checkbox"/> Yes → Describe services:</p>	<p>4 Do you have an IRS ruling that grants an exclusion from Federal Unemployment Tax?  <input type="checkbox"/> Yes → Attach a copy of the Ruling Letter.</p>								
<p>5 Do you have, or have you previously had, an Arizona unemployment tax number?  <input type="checkbox"/> No  <input type="checkbox"/> Yes → Business Name: _____ Unemployment Tax Number: _____</p>									
<p>6 First calendar quarter Arizona employees were/will be hired and paid (indicate quarter as 1, 2, 3, 4):</p>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th style="width:25%;">Hired Year</th> <th style="width:25%;">Hired Quarter</th> <th style="width:25%;">Paid Year</th> <th style="width:25%;">Paid Quarter</th> </tr> <tr> <td style="text-align: center;">Y, Y, Y, Y</td> <td style="text-align: center;">Q</td> <td style="text-align: center;">Y, Y, Y, Y</td> <td style="text-align: center;">Q</td> </tr> </table>	Hired Year	Hired Quarter	Paid Year	Paid Quarter	Y, Y, Y, Y	Q	Y, Y, Y, Y	Q
Hired Year	Hired Quarter	Paid Year	Paid Quarter						
Y, Y, Y, Y	Q	Y, Y, Y, Y	Q						
<p>7 When did/will you first pay a total of \$1,500 or more gross wages in a calendar quarter? (indicate quarter as 1, 2, 3, 4)                  Exceptions: \$20,000 gross cash wages Agricultural: \$1,000 gross cash wages Domestic/Household: not applicable to 501(c)(3) Non-Profit.</p>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th style="width:50%;">Year</th> <th style="width:50%;">Quarter</th> </tr> <tr> <td style="text-align: center;">Y, Y, Y, Y</td> <td style="text-align: center;">Q</td> </tr> </table>	Year	Quarter	Y, Y, Y, Y	Q				
Year	Quarter								
Y, Y, Y, Y	Q								
<p>8 When did/will you first reach the 20<sup>th</sup> week of employing 1 or more individuals for some portion of a day in each of 20 different weeks in the same calendar year? (indicate quarter as 1, 2, 3, 4)                  Exceptions: 10 or more individuals Agricultural; 4 or more individuals 501(c)(3) Non-Profit; not applicable to Domestic/Household.</p>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th style="width:50%;">Year</th> <th style="width:50%;">Quarter</th> </tr> <tr> <td style="text-align: center;">Y, Y, Y, Y</td> <td style="text-align: center;">Q</td> </tr> </table>	Year	Quarter	Y, Y, Y, Y	Q				
Year	Quarter								
Y, Y, Y, Y	Q								

**SECTION F: Acquired Business Information**

If you answered "Yes" to Section A, question 11, you must complete Section F.

<p>1* Did you acquire or change all or part of an existing business?  <input type="checkbox"/> All  <input type="checkbox"/> Part</p>	<p>2* Date of Acquisition                  M, M   D, D   Y, Y, Y, Y</p>	<p>3* EIN of Business Under Previous Owner</p>
<p>4* Previous Owner's Telephone Number</p>	<p>5* Name of Business Under Previous Owner</p>	<p>6* Name of Previous Owner</p>
<p>7* Did you change the legal form of all or part of the Arizona operations of your existing business? (e.g., change from sole proprietor to corporation or etc.)  <input type="checkbox"/> All  <input type="checkbox"/> Part</p>	<p>8* Date of Change                  M, M   D, D   Y, Y, Y, Y</p>	<p>9* EIN of Previous Legal Form</p>

**SECTION G: AZTaxes.gov Security Administrator (authorized users)**

By electing to register for www.AZTaxes.gov, you can have online access to account information, file and pay Arizona transaction privilege, use, and withholding taxes. You may also designate authorized users to access these services. Please provide the name of the authorized user for AZTaxes.gov.

Name of Authorized User \_\_\_\_\_

Title \_\_\_\_\_

Email Address \_\_\_\_\_

Phone Number (with area code) \_\_\_\_\_

**SECTION H: Required Signatures**

This application must be signed by either a sole owner, at least two partners, managing member or corporate officer legally responsible for the business, trustee or receiver or representative of an estate that has been listed in Section B.

**Under penalty of perjury I (we), the applicant, declare that the information provided on this application is true and correct.** I (we) hereby authorize the security administrator, if one is listed in Section G, to access the AZTaxes.gov site for the business identified in Section A. This authority is to remain in full force and effect until the Arizona Department of Revenue has received written termination notification from an authorized officer.

<p>1 Print or Type Name _____</p> <p>Title _____</p> <p>Date _____</p> <p>Signature _____</p>	<p>2 Print or Type Name _____</p> <p>Title _____</p> <p>Date _____</p> <p>Signature _____</p>
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**This application must be completed, signed, and returned as provided by A.R.S. § 23-722.**  
 Equal Opportunity Employer/Program  
 This application available in alternative formats at Unemployment Insurance Tax Office.

**PLEASE COMPLETE SECTION I: STATE/COUNTY & CITY LICENSE FEE WORKSHEET TO CALCULATE AND REMIT TOTAL AMOUNT DUE WITH THIS APPLICATION.**

Name (as shown on page 1)	FEIN or SSN (as shown on page 1)
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**SECTION I: State/County & City License Fee Worksheet**

ALL FEES ARE SUBJECT TO CHANGE. Check for updates at [azdor.gov](http://azdor.gov).

To calculate **CITY FEE**: Multiply **No. of Locations** by the **License Fee** and enter sum in **License Subtotal**.

City/Town	Code	No. of Loc's	License Fee	License Subtotal	City/Town	Code	No. of Loc's	License Fee	License Subtotal	City/Town	Code	No. of Loc's	License Fee	License Subtotal
Apache Junction	AJ		\$50.00		Goodyear	GY		\$5.00		Sahuarita	SA		\$5.00	
Avondale	AV		\$40.00		Guadalupe	GU		\$2.00		San Luis	SU		\$2.00	
Benson	BS		\$5.00		Hayden	HY		\$5.00		Scottsdale	SC		\$50.00	
Bisbee	BB		\$1.00		Holbrook	HB		\$1.00		Sedona	SE		\$2.00	
Buckeye	BE		\$2.00		Huachuca City	HC		\$2.00		Show Low	SL		\$2.00	
Bullhead City	BH		\$2.00		Jerome	JO		\$2.00		Sierra Vista	SR		\$1.00	
Camp Verde	CE		\$2.00		Kearny	KN		\$2.00		Snowflake	SN		\$2.00	
Carefree	CA		\$10.00		Kingman	KM		\$2.00		Somerton	SO		\$2.00	
Casa Grande	CG		\$2.00		Lake Havasu	LH		\$5.00		South Tucson	ST		\$2.00	
Cave Creek	CK		\$20.00		Litchfield Park	LP		\$2.00		Springerville	SV		\$5.00	
Chandler	CH		\$50.00		Mammoth	MH		\$2.00		St. Johns	SJ		\$2.00	
Chino Valley	CV		\$2.00		Marana	MA		\$5.00		Star Valley	SY		\$2.00	
Clarkdale	CD		\$2.00		Maricopa	MP		\$2.00		Superior	SI		\$2.00	
Clifton	CF		\$2.00		Mesa	ME		\$30.00		Surprise	SP		\$10.00	
Colorado City	CC		\$2.00		Miami	MM		\$2.00		Taylor	TL		\$2.00	
Coolidge	CL		\$2.00		Nogales	NO		\$25.00		Tempe	TE		\$50.00	
Cottonwood	CW		\$2.00		Oro Valley	OR		\$12.00		Thatcher	TC		\$2.00	
Dewey/Humboldt	DH		\$2.00		Page	PG		\$2.00		Tolleson	TN		\$2.00	
Douglas	DL		\$5.00		Paradise Valley	PV		\$2.00		Tombstone	TS		\$1.00	
Duncan	DC		\$2.00		Parker	PK		\$2.00		Tucson	TU		\$45.00	
Eagar	EG		\$10.00		Patagonia	PA		\$25.00		Tusayan	TY		\$2.00	
El Mirage	EM		\$15.00		Payson	PS		\$2.00		Wellton	WT		\$2.00	
Eloy	EL		\$10.00		Peoria	PE		\$50.00		Wickenburg	WB		\$2.00	
Flagstaff	FS		\$46.00		Phoenix	PX		\$50.00		Willcox	WC		\$25.00	
Florence	FL		\$2.00		Pima	PM		\$2.00		Williams	WL		\$2.00	
Fountain Hills	FH		\$2.00		Pinetop/Lakeside	PP		\$2.00		Winkelman	WM		\$2.00	
Fredonia	FD		\$10.00		Prescott	PR		\$25.00		Winslow	WS		\$10.00	
Gila Bend	GI		\$2.00		Prescott Valley	PL		\$2.00		Youngtown	YT		\$10.00	
Gilbert	GB		\$2.00		Quartzsite	QZ		\$2.00		Yuma	YM		\$2.00	
Glendale	GE		50.00		Queen Creek	QC		\$2.00						
Globe	GL		\$2.00		Safford	SF		\$2.00						

Subtotal City License Fees (column 1) \$	Subtotal City License Fees (column 2) \$	Subtotal City License Fees (column 3) \$
--	--	--

**AA TOTAL City License Fee(s) (column 1 + 2 + 3).....** \$

	<b>No. of Loc's</b>	<b>Fee per Location</b>	<b>TOTAL</b>
<b>BB TOTAL State License Fee(s):</b> Calculate by multiplying number of business locations by \$12.00		<b>\$12.00</b>	<b>\$</b>

**Residential Rental License Fees -** Multiply the number of units per locations by \$2.00 (\$50.00 Annual Cap per license).

	<b>No. of Units</b>	<b>No. of Loc's</b>	<b>City Fee</b>
ONLY CHANDLER, PHOENIX, and SCOTTSDALE need to use this section, and NOT the fee chart above, to calculate license fee(s). The amount for each city CANNOT EXCEED \$50.00	Residential Rental License-Chandler		\$
	Residential Rental License-Phoenix		\$
	Residential Rental License-Scottsdale		\$

**CC TOTAL City Residential Rental License Fees (Add Chandler, Phoenix, & Scottsdale).....** \$

**DD TOTAL DUE (Add lines AA + BB + CC).....** \$

- Make check payable to Arizona Department of Revenue.
- Include FEIN or SSN on payment.
- Do not send cash.
- License will not be issued without full payment of fee.

**TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX RETURN - (TPT-2)**

Arizona Department of Revenue  
 PO Box 29010 - Phoenix, AZ 85038-9010  
 For assistance out of state or in the Phoenix area: (602) 255-2060 or  
 Statewide, toll free area codes 520 and 928: (800) 843-7196

**TPT-2 return is due the 20th day of the month following the month in which the transactions were conducted**

<b>TAXPAYER INFORMATION</b>	
<input type="checkbox"/> AMENDED RETURN	<input type="checkbox"/> FINAL RETURN <small>(Cancel License)</small>
<input type="checkbox"/> CHECK HERE AND SIGN BELOW IF YOU HAVE NO GROSS RECEIPTS TO REPORT	
BUSINESS NAME _____	
C/O _____	
MAILING ADDRESS _____	
CITY _____	STATE _____ ZIP CODE _____
<input type="checkbox"/> ADDRESS CHANGED (MAILING ADDRESS ONLY) BUSINESS PHONE NUMBER _____	

TAXPAYER IDENTIFICATION NUMBER <input type="checkbox"/> SSN <input type="checkbox"/> EIN	
LICENSE NUMBER _____	
PERIOD BEGINNING M, M, I, D, ., D, I, Y, ., Y, Y, Y	PERIOD ENDING M, M, I, D, ., D, I, Y, ., Y, Y, Y
REVENUE USE ONLY. DO NOT MARK IN THIS AREA	
POSTMARK DATE _____	RECEIVED DATE _____

- AA NET AZ/COUNTY TAX (PAGE 2, LINE MM, COLUMN (M)).....
- BB NET CITY TAX (PAGE 3, LINE RR, COLUMN (M)).....
- CC NET TAX DUE ON THIS RETURN (LINE AA + LINE BB = LINE CC).....
- DD TPT ESTIMATED PAYMENTS TO BE USED ON THIS RETURN (JUNE RETURN ONLY, DUE IN JULY).....
- EE TAX DUE NET OF TPT ESTIMATED PAYMENTS (LINE CC - LINE DD = LINE EE).....
- FF TOTAL AMOUNT REMITTED WITH THIS RETURN.....

\$

**NOTE: A TRANSACTION DETAIL PAGE IS REQUIRED OR THE RETURN WILL NOT PROCESS CORRECTLY AND PENALTIES MAY APPLY.**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

The taxpayer designates the individual listed below as the person to contact to schedule an audit of this return and authorize the disclosure of confidential information to this individual.

TAXPAYER PRINTED NAME _____	DATE _____
TAXPAYER SIGNATURE _____	PAID PREPARER'S SIGNATURE (OTHER THAN TAXPAYER) _____
TAXPAYER PHONE NO. _____ TITLE _____	PAID PREPARER'S TIN _____ PAID PREPARER'S PHONE NO. _____

**PLEASE MAKE CHECK PAYABLE TO ARIZONA DEPARTMENT OF REVENUE**

TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX RETURN - (TPT-2)  
 STATE (AZ) /COUNTY TRANSACTION DETAIL (See Table 1 on the Tax Rate Table, www.azdor.gov)

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
REG. CODE	NAME OF REGION	BUS. CODE	DESC. OF BUS. ACTIVITY	GROSS RECEIPTS	DEDUCTIONS FROM SCHEDULE A	(F) - (G) = (H) NET TAXABLE	AZ / COUNTY TAX RATE	(H) X (I) = (J) TOTAL TAX	ACCTNG CREDIT RATE	(H) X (K) = (L) ACCOUNTING CREDIT	(J) - (L) = (M) AZ/COUNTY TAX DUE	
1												
2												
3												
4												
5												
6												
7												
8												
9												
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11												
12												
13												
14												
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16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
GG	SUBTOTAL .....											
HH	TOTALS FROM ADDITIONAL AZ/COUNTY PAGE(S) .....											
II	TOTAL (LINE GG + LINE HH = LINE II) .....											
JJ	EXCESS TAX COLLECTED .....											
KK	EXCESS TAX ACCOUNTING CREDIT: (SEE INSTRUCTIONS) .....											
LL	NET AZ/COUNTY EXCESS TAX COLLECTED (LINE JJ, COLUMN (M) - LINE KK, COLUMN (M)) .....											
MM	NET AZ/COUNTY TAX (LINE II, COLUMN (M) + LINE LL, COLUMN (M)) .....											

FINAL

TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX RETURN - (TPT-2)

CITY TRANSACTION DETAIL (See Table 2 on the Tax Rate Table, [www.azdor.gov](http://www.azdor.gov))

(A) LOC. CITY CODE CODE	(B) NAME OF CITY	(C) BUS. CODE	(D) DESC. OF BUS. ACTIVITY	(E) GROSS RECEIPTS	(F) DEDUCTIONS FROM SCHEDULE A	(G) (F) - (G) = (H) NET TAXABLE	(H) CITY TAX RATE	(I) (H) X (I) = (J) TOTAL TAX	(J) CITY CREDIT	(K) (J) - (L) = (M) CITY TAX DUE
1										
2										
3										
4										
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21										
22										
23										
24										
25										
NN CITY SUBTOTAL ..... OO CITY SUBTOTALS FROM ADDITIONAL CITY PAGE(S) ..... PP CITY TOTAL (LINE NN + LINE OO = LINE PP) ..... QQ CITY EXCESS TAX COLLECTED ..... RR NET CITY TAX (LINE PP, COLUMN (M) + LINE QQ, COLUMN (M)) .....										

FINAL

TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX RETURN - (TPT-2)  
 ADDITIONAL TRANSACTIONS

LICENSE NUMBER: \_\_\_\_\_ PAGE 2A OF \_\_\_\_\_

STATE (AZ) /COUNTY TRANSACTION DETAIL (See Table 1 on the Tax Rate Table, www.azdor.gov)

(A) REG. CODE	(B) NAME OF REGION	(C) BUS. CODE	(D) DESC. OF BUS. ACTIVITY	(E) GROSS RECEIPTS	(F) DEDUCTIONS FROM SCHEDULE A	(G) (F) - (G) = (H) NET TAXABLE	(H) AZ / COUNTY TAX RATE	(I) (H) X (I) = (J) TOTAL TAX	(K) ACCTNG CREDIT RATE	(L) (H) X (K) = (L) ACCOUNTING CREDIT	(M) (J) - (L) = (M) AZ/COUNTY TAX DUE
1											
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
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16											
17											
18											
19											
20											
21											
22											
23											
24											
25											
<b>AZ/COUNTY SUBTOTAL .....</b>										\$	\$

ADD SUBTOTALS OF AZ/COUNTY ADDITIONAL TRANSACTIONS TO THE 2ND PAGE OF RETURN

TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX RETURN - (TPT-2)  
 ADDITIONAL TRANSACTIONS

LICENSE NUMBER: \_\_\_\_\_ PAGE 3A OF \_\_\_\_\_

CITY TRANSACTION DETAIL (See Table 2 on the Tax Rate Table, [www.azdor.gov](http://www.azdor.gov))

(A) LOC. CITY CODE CODE	(B) CITY CODE	(C) NAME OF CITY	(D) BUS. CODE	(E) DESC. OF BUS. ACTIVITY	(F) GROSS RECEIPTS	(G) DEDUCTIONS FROM SCHEDULE A	(H) (F) - (G) = (H) NET TAXABLE	(I) CITY TAX RATE	(J) (H) X (I) = (J) TOTAL TAX	(K)	(L) CITY CREDIT	(M) (J) - (L) = (M) CITY TAX DUE
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
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16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
CITY SUBTOTAL .....										\$	\$	\$

ADD SUBTOTALS OF CITY ADDITIONAL TRANSACTIONS TO THE 3RD PAGE OF RETURN

TPT-2 - SCHEDULE A DEDUCTIONS - STATE/COUNTY TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX

LICENSE NUMBER: \_\_\_\_\_ of \_\_\_\_\_

FINAL

STATE (AZ) /COUNTY DEDUCTIONS DETAIL

(A)	(B) REGION CODE	(C) BUSINESS CODE	(D) DEDUCTION CODE	(E) DEDUCTION AMOUNT	(F) DESCRIPTION OF DEDUCTION CODE
1				\$	
2				\$	
3				\$	
4				\$	
5				\$	
6				\$	
7				\$	
8				\$	
9				\$	
10				\$	
11				\$	
12				\$	
13				\$	
14				\$	
15				\$	
16				\$	
17				\$	
18				\$	
19				\$	
20				\$	
21				\$	
22				\$	
23				\$	
24				\$	
25				\$	
26				\$	
27				\$	
28				\$	
29				\$	
30				\$	
31				\$	
32				\$	
33				\$	
34				\$	
35				\$	
AA	SUBTOTAL OF DEDUCTIONS.....			\$	
BB	DEDUCTION TOTALS FROM ADDITIONAL AZCOUNTY PAGE(S) ...			\$	
CC	TOTAL DEDUCTIONS (LINE AA + LINE BB = LINE CC).....			\$	
TOTAL MUST EQUAL TOTAL ON PAGE 2, LINE II, COLUMN G					

**TPT-2 - SCHEDULE A DEDUCTIONS - CITY TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX**

**CITY DEDUCTIONS DETAIL**

(A) LOCATION CODE	(B) CITY CODE	(C) BUSINESS CODE	(D) DEDUCTION CODE	(E) DEDUCTION AMOUNT	(F) DESCRIPTION OF DEDUCTION CODE
1				\$	
2				\$	
3				\$	
4				\$	
5				\$	
6				\$	
7				\$	
8				\$	
9				\$	
10				\$	
11				\$	
12				\$	
13				\$	
14				\$	
15				\$	
16				\$	
17				\$	
18				\$	
19				\$	
20				\$	
21				\$	
22				\$	
23				\$	
24				\$	
25				\$	
26				\$	
27				\$	
28				\$	
29				\$	
30				\$	
31				\$	
32				\$	
33				\$	
34				\$	
35				\$	
AA SUBTOTAL OF DEDUCTIONS.....				\$	
BB DEDUCTION TOTALS FROM ADDITIONAL CITY PAGE(S).....				\$	
CC TOTAL DEDUCTIONS (LINE AA + LINE BB = LINE CC).....				\$	
TOTAL MUST EQUAL TOTAL ON PAGE 3, LINE PP, COLUMN G					

FINAL