Gilbert Sales Tax Overview

What is this tax?

The Gilbert Sales Tax is actually a Transaction Privilege Tax, but commonly called a "sales tax". A Transaction Privilege Tax is imposed on the gross receipts of the person conducting business. The law allows the business to collect the tax from their customers, however, the tax is due whether or not the business actually collects the tax from its customers.

The Transaction Privilege Tax is imposed on a number of different business activities. Some of the more common taxable activities are: Retail Sales; Construction Contracting; Rental of Real or Personal Property; Restaurants & Bars; Advertising; Amusements; Job Printing; Hotels; Utilities; and Telecommunications. (See <u>Gilbert Taxable Sales Guidelines</u> for more detail.)

Any Arizona city or town that chooses to impose a Transaction Privilege Tax must adopt the <u>Model City Tax Code</u> (MCTC). The MCTC is a uniform set of tax laws, that govern how transactions are taxed at the local level. The MCTC allows for cities and towns to select taxing Options. Each city or town selects the Options that best fit the needs of their community. As a result, there can be differences between cities. Be sure to check with each city or town where you do business to know how their law applies to your business. The MCTC is similar to the State sales tax laws, but not exactly the same. It is best to check with both the AZDOR and your local city to determine the tax requirements for your particular business. (The Gilbert Tax Code can be seen at <u>Gilbert Municipal Code</u>, Chapter 58.)

How is the tax reported & paid?

The Town of Gilbert is referred to as a Program City. A Program City contracts with the Arizona Department of Revenue (AZDOR) to collect its sales tax. Businesses subject to the Gilbert Sales Tax must obtain a Transaction Privilege Tax (TPT) License from the AZDOR. To obtain a TPT license, you must complete an AZDOR Joint Tax Application, Form JT-1. Many of the larger cities in Arizona do not contract with AZDOR. They collect their own tax. These cities are referred to as Non-Program Cities. If you do business in one or more of these cities, you must contact them directly, and file separate local tax returns to them.

The TPT license sets up an account with AZDOR and the Town of Gilbert. Once the account is activated, the AZDOR will send you monthly tax returns (Form TPT-1). These returns must be completed by you and returned to AZDOR with your tax payment. If you do not receive a TPT-1 for any period in which you owe tax, you can download a blank form at this site:

http://www.azdor.gov/LinkClick.aspx?fileticket=mycJcDJQRPg%3d&tabid=264&mid=868.

The AZDOR will forward the taxes paid to the Town of Gilbert.