



I HAVE A RESIDENTIAL RENTAL – WHAT DO I NEED TO DO?

## Hints for Completing the Privilege Tax Return (TPT-1)

### STEP 4 - FILE & PAY your CURRENT & FUTURE Gilbert Privilege Tax to the Arizona Department of Revenue.

The tax may be passed on to the tenant by adding it to the rent. If you currently have a lease, you need to verify that you will be able to pass the cost on to your tenant. If you cannot, you will need to factor the tax out of the current rent received.

Below are examples of both scenarios. Monthly rent is: \$1000.00

Tax added to rent - \$1,000 X 1.5% = \$15.00 tax. Tenant pays \$1,015.00 per month, OR

Tax not added to rent - \$1,000 ÷ 1.015 = \$985.22 rent x 1.5% = \$14.78 tax. Tenant pays \$1,000.00 per month.

Note that if the property is empty, you will submit a form showing zero (\$0.00) dollars in the tax calculation boxes. In order to be in compliance you need to submit to the State as you would for any month.

### Complete Monthly Reporting Form (TPT-1) and Pay Tax

All taxpayers are required to pay monthly for the first year – you may request a quarterly or annual filing status after you have filed reports for one year. The monthly tax return is called a **TPT-1** and may be downloaded from the Arizona Department of Revenue’s website: <http://www.azdor.gov/LinkClick.aspx?fileticket=mycJcDJQRPg%3d&tabid=264&mid=868> .

You may receive monthly pre-printed forms from the State, but they are also available from the above link. It is the responsibility of the taxpayer to make sure the form is filed in a timely manner. Reports may be dropped off at the East Valley location or mailed to the Arizona Department of Revenue. Reports must be postmarked by the 20<sup>th</sup> of the following month. *For example: October tax needs to be postmarked by November 20<sup>th</sup>.* The submission form is also available online at [www.aztaxes.gov](http://www.aztaxes.gov). You can register on the application for the online services (Section F), or at the [aztaxes.gov](http://aztaxes.gov) site. If you do not receive your TPT# from the State and need to submit tax, you may do so by indicating in the section/box where you put the **State License Number** – “Applied For” and include your EIN or SSN in the box below.

The **TPT-1** needs to indicate that the funds you are submitting are designated for Gilbert. This is done under the Transaction Detail section (II). Under Business Description **(A)**, write “Gilbert”; under Region Code **(B)**, write the two digit code “**GB**”; in the Business Class **(C)**, write the numeric code of “**000**” with a tax rate of 0.015 (1.5%). Please note that on the preprinted forms sent to you by the State, there may be more than one code for Gilbert – make sure you use the line indicated by the 000 business class at the 0.015 tax rate.

Following is an example of what the monthly TPT-1 report will look like – there are two examples listed under GB 000 – one with tax added, the other factoring the tax out. Remember, you will most likely have 3 lines, MAR 013, GB 000 & GB 003 on the report; the only line you need to complete is the **GB 000** the other two do not apply to residential rentals.

#### II. TRANSACTION DETAIL (If more reporting lines are necessary, please attach continuation pages.)

LINE	(A) BUSINESS DESCRIPTION	(B) REGION CODE	(C) BUSINESS CLASS	(D) GROSS AMOUNT	(E) DEDUCTION AMOUNT	(F) NET TAXABLE AMOUNT	(G) TAX RATE	(H) TOTAL TAX AMOUNT	(I) ACCOUNTING CREDIT RATE	(J) = (F x I) ACCOUNTING CREDIT
1	Commercial lease	MAR	013	0.00	0.00	0.00	0.005	0.00		0.00
2	Gilbert	GB	000	1,015.00	15.00	1,000.00	0.015	15.00		0.00
3	Gilbert	GB	000	1,000.00	14.78	985.22	0.015	14.78		0.00
4	Gilbert	GB	003	0.00	0.00	0.00	0.030	0.00		0.00
5										
<b>Subtotal.....</b>										

#### III. TAX COMPUTATION

The monthly (TPT-1) tax return must be postmarked or submitted online by the 20<sup>th</sup> of each month to avoid penalties and interest. If your rental is vacant, you will need to submit the monthly report showing zero income for each month it is vacant. Failure to file as required may result in a late notice from the State. Should you need assistance, please contact Linda Kramar at the Town of Gilbert. She can be reached at 480-503-6852 or by email: [linda.kramar@gilbertaz.gov](mailto:linda.kramar@gilbertaz.gov).