



TRANSIENT LODGING

This brochure is intended to help owners of vacation(short-term) rentals understand the Transaction Privilege (sales) Tax (TPT) laws that apply to their businesses. This information is based on the Model City Tax Code and the Arizona Revised Statutes, Title 42.

Who is a transient lodging operator?

- A transient lodging operator is a person engaged in the business of offering lodging space furnished to any person on a short-term basis (less than 30 consecutive days) for a consideration.

What are the Transaction Privilege Tax requirements?

- Obtain a TPT license. All transient lodging business owners must have a license in accordance with A.R.S § 42-5042(A):
“An online lodging operator may not offer for rent or rent a lodging accommodation without a current transaction privilege tax license.”
- List the TPT license number in all advertisements in accordance with A.R.S § 42-5042(A):
“The online lodging operator shall list the transaction privilege tax license number on each advertisement for each lodging accommodation the online lodging operator maintains”
- File TPT returns. All transient lodging operators must file returns periodically.

How do I obtain a TPT license?

- You can apply for a license by visiting <https://www.aztaxes.gov/Home/WelcomeRegister>
- You can also download and fill out the Joint Tax Application here: <https://azdor.gov/forms/tpt-forms/joint-tax-application-tpt-license> and then mail the application to the Arizona Department of Revenue, PO Box 29032, Phoenix, AZ 85038

Where on the advertisement do I list the TPT license?

- You can list your license number anywhere in the property description box of the online advertisement.

How often do I have file a TPT return?

- TPT filing frequency is determined by the businesses total estimated annual combined Arizona, county and municipal TPT liability as follows:
 - Annual: Less than \$2,000 estimated annual combined tax liability
 - Quarterly: \$2,000 - \$8,000 estimated annual combined tax liability
 - Monthly: More than \$8,000 estimated annual combined tax liability

I conduct part or all my business through a third party who collects and remits the taxes to the Department of Revenue. Do I still have to file a TPT return?

- Yes, however, you are allowed a deduction for the portion of the gross receipts the third-party pays taxes on by using deduction code 775.

How do I file a TPT return?

- Visit www.aztaxes.gov to file a TPT return electronically.
- You can find a step-by-step guide on how to file a return at this location:
https://azdor.gov/sites/default/files/media/PUBLICATION_TPT_TPT2-stepbystep.pdf

Are there penalties for failing to comply with these requirements?

- Yes, the Department of Revenue may impose penalties for operating without a license and for not listing the TPT license number on the advertisement pursuant to A.R.S. § 42-1121.02.
- The penalty for the first offense is \$250 and \$1,000 for a subsequent offense.

When applying for a license, I am asked the NAICS code. What is the vacation rental NAICS code?

- The North American Industry Classification System (NAICS) for vacation rentals is **721199**.

What are the region codes I am asked for in the TPT application?

- The region codes applicable for Scottsdale businesses are **MAR** for county and **SC** for city.

What business codes apply to vacation rentals?

- For the county, the business code is **025**-Transient lodging. For the city, the codes are **044**-Hotel and **144**-Additional Hotel Tax. You only need to enter the numbers.

Additional resources:

- TPT Tutorials: <https://azdor.gov/taxpayer-education/tpt-tutorials>
- Department of Revenue Lodging Operators and Online Lodging Marketplace Publication: https://azdor.gov/sites/default/files/media/PUBLICATION_OLMfactsheet.pdf

The governor signed Senate Bill 1131 into law on August 1, 2023. This bill will make residential rental non-taxable (business class 045) beginning **January 1, 2025**. This bill **does not** apply to health care facilities, long-term care facilities, hotels, motels, short term rentals, or other transient lodging businesses.