



City of Scottsdale Tax Code Changes Effective July 1, 2008

On April 15, 2008, the Scottsdale City Council adopted the following changes to Appendix C of the Scottsdale Revised City Code pertaining to privilege (sales) tax, with an effective date of July 1, 2008:

- **Installation and Sales of Solar Energy Devices**

Income attributed to the installation and sale of solar energy devices is exempt from privilege (sale) tax, provided the income pertains to “Solar Daylighting” and “Solar Energy Devices” as defined in Section 100 of the Code.

The income must pertain to taxable periods beginning July 1, 2008 and ending before January 1, 2011.

As required under Sections 415, 416, 417, and 465 of the Code, contractors must register with the Department of Revenue as a solar energy contractor and retailers must register as a solar energy retailer. By registering, the contractors and retailers acknowledge that they will make their books and records available to the Department of Revenue and the City, as applicable, for examination.

- **Architectural and Engineering Fees**

Income attributed to “direct costs” of architectural and engineering services that are incorporated in a contract is exempt from privilege (sales) tax under Sections 415, 416, and 417 of the Code. “Direct Costs” means the portion of the actual costs that are directly expended in providing architectural or engineering services.

- **Out-of-State Sales**

The definition of “Out-of-State Sales” under Section 100 of the Code was amended for exemption purposes to no longer require that a purchaser of items other than a motor vehicle be a non-resident of the State of Arizona.

The other requirements remain the same for the **sales of items other than motor vehicles** to be exempt, which are:

- 1) The order must be placed from outside the State.
- 2) The property must be delivered to the purchaser outside the State.
- 3) The property must be for use outside the State.

The change does not affect the requirements for out-of-state **sales of motor vehicles** to be exempt, which are:

- 1) The purchaser must be a non-resident of the State.
- 2) The motor vehicle must be for use outside of the State.
- 3) The vendor must ship or deliver the motor vehicle outside the State.