



**CITY OF  
SCOTTSDALE**

# **RETAIL SALES**

**City Business Code (017)**

**Scottsdale Privilege Tax**

This publication is for general information only. For complete details, refer to the Model City Tax Code located at <https://azdor.gov/model-city-tax-code>

***July 2025***

## **WHO MUST PAY THE TAX?**

You must be licensed and pay tax if you are in the business of selling items (tangible personal property) to someone who plans to use the items and not rent or resell them. The seller owes the tax to the City of Scottsdale whether or not the seller added the tax to the price of the item sold.

## **WHEN IS TAX DUE?**

Tax is due on the 20<sup>th</sup> day of the month following the month in which the revenue was recognized.

## **WHICH CITY IS OWED THE TAX?**

The city in which the seller's business is located, and which receives the order shall be entitled to the retail tax. The retail tax liability is based upon the seller's location, NEVER the location of the buyer, unless the seller is a mobile vendor.

### **WHAT IS THE CITY TAX RATE?**

The City of Scottsdale tax rate is 1.70% of the sales price.

## **WHAT IS TAXABLE?**

Generally, all sales of tangible personal property are taxable, including but not limited to:

1. Sales to churches, schools, clubs, nonprofit organizations and governmental agencies
2. Sales to federally chartered banks and credit unions
3. Sales of goods acquired on consignment/sales by brokers
4. Sales of artwork
5. Sales of non-customized computer software

6. Sales of furnishings and appliances to consumers, apartment complexes, and businesses
7. Sales of model home furnishings to builders
8. Membership fees and other fees imposed by a limited access retailer
9. Sales of supplies to doctors, dentists, and veterinarians
10. Sales of food, drink, and condiments
  - (A) Under no circumstances shall "food" include an edible product, beverage, or ingredient infused, mixed, or in any way combined with medical marijuana or an active ingredient of medical marijuana.
11. Sales of vehicles and machines, new and used
12. Sales of clothing and jewelry
13. Sales of merchandise acquired on consignment
14. Sale of jet fuel (\$0.18 per gallon)
15. Sales to foreign consulates
16. Sales of prepaid calling cards or prepaid authorization numbers for telecommunication services. Includes sales of reauthorization of prepaid cards or authorization number
17. All charges by a photographer resulting in the sale of a photograph

*NOTE: Sales/Installations of manufactured buildings are not retail sales. For further information call the phone number or write to the address on the last page of this publication.*

## **WHAT DEDUCTIONS ARE ALLOWED?**

1. Sales for resale or re-lease
2. Food sales to restaurants, bars, and public-school districts
3. Discounts and refunds
4. Bad debts on which tax was paid
5. State and City tax collected whether charged separately or included in the sales price if included in gross income
6. Sales of motor vehicle gasoline and use fuel
7. 50% of sales to the US Government (100% if sold by a manufacturer, modifier, assembler, or repairer)
8. Sales of warranty, maintenance, and service contracts
9. Charges for repair services if shown separately on customer invoices
10. Out-of-state sales:
  - A) Motor Vehicles: Sales to nonresidents for use out-of-state when vendor delivers out-of-state
  - B) Other Retail: Items for use out-of-state when vendor receives order from out-of-state and vendor delivers out-of-state

*NOTE: Items placed on hold while in Scottsdale with an order subsequently placed from out-of-state are taxable.*

*NOTE: In the case of sales to Native Americans, the following criteria apply:*

- 1) *Solicitation & placement of the order occurs on the reservation (except car sales) **and***
- 2) *Delivery is made to the reservation **and***
- 3) *Payment originates from the reservation*
11. Sales of prescription drugs and prosthetics
  - (A) "Medical Marijuana" means "marijuana" used for a "medical use" as those terms are defined in A.R.S. Section 36-2801 and thus is **not** considered a prescription drug.
  - (B) Under no circumstances shall "prosthetic" include medical marijuana regardless of whether it is sold or dispensed pursuant to a prescription, recommendation, or written certification by any authorized person.
12. Sales to qualifying hospitals, qualifying community health centers, or qualifying health care organizations
13. Charges for delivery and installation or other direct customer service
14. Lottery ticket sales
15. Trade-ins; tax due on difference between selling price and trade-in allowance (not to exceed the sales price)

16. Sales of stocks and bonds
17. Tangible personal property sold to a licensed contractor to be incorporated into any structure
18. Sales of tangible personal property used in remediation contracting.
19. Tangible personal property sold to a 501(c)(3) organization that engages in and uses the property exclusively for training, job placement or rehabilitation programs for mentally or physically handicapped persons
20. Sales of printed or photographic materials and electronic or digital media to a publicly funded library
21. Sales of food, beverages and condiments to a commercial airline which serves the food and beverages to its passengers
22. Sales of wireless telecommunication equipment which is used as an inducement to enter into or continue a contract for telecommunications services
23. Sales of wireless telecommunication equipment to a person who holds the equipment for sale or transfer to a customer as an inducement to enter into or continue a contract for telecommunication services
24. Sales of alternative fuel to a used oil fuel burner who has the appropriate permit from the Department of Environmental Quality
25. Sales of food, beverages, condiments and accessories to a public educational entity as defined in Arizona Revised Statutes Title 15 to the extent that such items are prepared or served to individuals for consumption on the premises during school hours
26. Sales of personal hygiene items to a hotel if the items are furnished without additional charge too and intended to be consumed by the person during occupancy
27. Sales of income-producing capital equipment.

**This exemption does not include:**

- A) Janitorial equipment and supplies, hand tools, office equipment, office furniture, and office supplies
  - B) Items used in Sales and for distribution
  - C) Motor vehicles licensed for road use, except mass transit vehicles
  - D) Real property
  - E) Motors and pumps used in drip irrigation systems
28. Sale of food to a nonprofit charitable organization that has qualified under Section 501(c)(3) of the Internal Revenue Code and regularly serves meals to the needy and indigent on a continuing basis at no cost.
  29. Sales of qualified solar energy devices by retailers who are registered as solar energy retailers.

## **DOCUMENTING NON-TAXABLE SALES**

### **Out of State Sales**

- 1) Documentation of the location of the buyer when the order was placed, **and**
- 2) Shipping, delivery, or freight documents showing where buyer took delivery, **and**
- 3) Documentation of intended location of use of the tangible personal property

*NOTE: For sales to Native Americans, only criteria 1) and 2) apply.*

### **Sales for Resale**

It is recommended that an Exemption Certificate be obtained. The Certificate must be completed **at the time of sale.**

The Arizona Department of Revenue certificate (Arizona Form 5000A) will be accepted by the City.

## **CALCULATING THE TAX**

You may choose to charge the tax separately or you may include tax in your sales price. If you include tax in your sales price, you may factor in order to “compute” the amount of tax included in your gross income for deduction purposes.

To determine the factor, add one (1.00) to the total of state, county, and city tax rates.

Example:  $1.00 + .0170 = 1.0170$

Calculate as follows:

$$\frac{\text{Taxable Income}}{\text{Factor (1.0170)}} = \frac{\text{Computed Taxable Income}}{\text{Income}}$$

Taxable income less computed taxable income equals your deduction for tax collected.

If more City tax was collected than was due, the excess tax collected must be remitted to the City.

## **USE TAX**

This is a tax on items that were purchased, leased, or rented without paying privilege or sales tax. The purchased, leased, or rented items become taxable when they are used, stored, or consumed within the City. Most commonly, purchases, leases, or rentals from out-of-state vendors will fall into this category. The use tax does not apply to purchases, leases, or rentals which are resold or re-leased in the normal course of business.

The City of Scottsdale use tax rate is 1.50%. Businesses are responsible for computing and paying use tax

For more information call (480) 312-7788.

Write or visit:  
CITY OF SCOTTSDALE  
Business Regulations  
7447 E. Indian School Rd., Suite 230  
Scottsdale, Arizona 85251  
**[www.ScottsdaleAZ.gov](http://www.ScottsdaleAZ.gov)**