

CHAPTER 10**PRIVILEGE AND EXCISE TAXES (Index)**

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15	240			Exclusion of cash discounts, returns, refunds, trade-in values, vendor issued coupons, and rebates from gross income
15		(A)		Items not included in gross income:
15			1	Cash discounts
15			2	Returns
15			3	Trade-ins
15			4	Vendor issued coupons
15			5	Rebates
16			6	Cash rebate on motor vehicles
16		(B)		Subsequent period reduction may still be excluded if reported as taxable in prior period
16	250			Exclusion of combined taxes from gross income; itemization; notice; limitations
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16			1	Remittance of all tax collected/charged (Reg. 250.1)
16			2	Itemization
16		(B)		When tax has not been separately charged/collected
16	260			Exclusion of fees and taxes from gross income; limitations
16		(A)		Registration fees, license fees, and taxes
17		(B)		F.E.T. on heavy trucks and trailers
17		(C)		Certain State excise taxes, fees, and surcharges
17		(D)		Motor vehicle dealer documentation fees
17	265			(Reserved)
17	266			Exclusion of motor carrier revenues from gross income
17		(A)		Motor carrier subject to State Tax
17		(B)		Leasing motor vehicle subject to State Tax
17		(C)		Sale of motor vehicle or parts subject to State Tax
18		(D)		Lightweight motor vehicle subject to State Tax
18	270			Exclusion of gross income of persons deemed not engaged in business
18		(A)		Definitions
18			1	Federally-exempt organization
18			2	Governmental entity
18			3	Non-licensed business
18			4	Proprietary club
18			5	Public educational entity
18		(B)		Governmental entities, non-licensed businesses, and public educational entities do not have taxable gross income except "proprietary activities" of municipalities (Reg. 270.1)
18		(C)		Federally exempt organizations and proprietary clubs do not have taxable gross income except:
18			1	Proprietary clubs 15% rule on revenue (Reg. 270.2)
19			2	Unrelated business income
19			3	(Reserved)
19		(D)		Sales or leases to (A) taxable unless licensed and paying a tax on resales/leases income
19		(E)		Franchisees and concessionaires of (A) do <u>not</u> share their exemption
19		(F)		Purchase by (A) for own use and storage taxable

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20			2	All subject to use tax
20			3	Mesa Centennial Center activities
20		(B)		Mesa Centennial Center license fees
20		(C)		Engaging in business activities both at the Mesa Centennial Center and elsewhere in the City
20		(D)		Multiple activities at one location
20		(E)		Limitation
21	305			Special licensing requirements
21		(A)		Partnerships
21		(B)		Corporations
21		(C)		Multiple locations
21		(D)		License issuance conditioned on meeting all other legal requirements
21	310			Licensing: duration of license; annual license fee; transferability; display; penalties; cancellation; renewal; late application provisions; actions
21		(A)		Valid only for the calendar year
21		(B)		Nontransferable between owners or locations and must be publicly displayed at business location
21		(C)		Replacement of license treated as new license for purposes of application and fee
21		(D)		(Reserved)
21		(E)		Failure to renew deemed operating without a license
22		(F)		(Reserved)
22		(G)		(Reserved)
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22		(I)		Liable for applicable fees and penalties
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22		(A)		Cancellation if inactive
22		(B)		Revoked for failure to comply
22		(C)		Notice and hearing
23		(D)		Reinstatement
23	330			Operating without a license
23	350			Record keeping requirements (Reg. 350.1, Reg. 350.2, Reg. 350.3)
23		(A)		Must maintain books and records for limitation period and make available to Tax Collector during any business day; electronic filing
23		(B)		Tax Collector can specify books and records be kept after audit reveals inadequate record keeping
23	360			Record keeping: claim of exclusion, exemption, deduction, or credit; documentation; liability (Reg. 360.1, Reg. 360.2)
23		(A)		Claim of exemption must be documented
23		(B)		Vendee's claim of exemption shifts tax liability to vendee
23	370			Inadequate or unsuitable records; If records inadequate, taxpayer must either:
23			1	Provide other suitable records or
23			2	Correct/reconstruct records.
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24		(A)		Taxes imposed:

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30			5	
30		(C)		Deductions and Exemptions
31			1	Exemptions
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32			3	Tax Credits
33	417			Construction contracting: owner-builders who are not speculative builders
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33			1	Payments to subcontractors
33			2	Purchases of building materials
33		(B)		Deductions and exemptions
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38		(C)		If shipped out of State unsold, tax based on value at time of shipment
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61	520			Reporting and payment of tax
61		(A)		Returns (Reg. 520.1)
61		(B)		Payment
61		(C)		Requirement of security
61		(D)		Method of reporting: "cash basis" or "accrual basis" (Reg. 520.2)
61			1	All income to be reported by same method
61			2	Special considerations for construction contractors:
61				(a) Construction contractors
61				(b) Speculative builders
61				(c) Other owner-builders
61	530			When tax due; when delinquent; verification of return; extensions
61		(A)		Report monthly - due 20th of following month, except:
61			1	Quarterly returns if annual taxable sales greater than \$5,000 but less than \$50,000
62			2	Annual returns if annual taxable sales less than \$5,000
62		(B)		Special requirements of taxpayers filing quarterly or annual returns
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62		(E)		Extensions
62	540			Interest and civil penalties
62		(A)		Interest
63		(B)		Civil penalties
63			1	5% per month (progressive) for late filing (to 25%)
63			2	10% for failure to pay timely

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63			3	25% for failure to file upon demand
63			4	10% for negligence
63			5	50% for civil fraud or evasion
63		(C)		Interest and penalties due and payable upon notice
63		(D)		Taxpayer explanation
64		(E)		Some penalties require specific Tax Collector approval
64		(F)		Tax Collector may waive penalties (B)(1) and (B)(2)
65		(G)		Time limitations for request to waive penalties
65		(H)		Definition of reasonable cause
65		(I)		Definition of negligence
65	541			Erroneous advice of misleading statements by Tax Collector; abatement of penalties and interest; definition
65		(A)		Prohibition of interest or penalty on deficiency assessments
65			1	Attributable to erroneous written advice
65			2	Misleading statement on tax return form
65		(B)		Oral advice not binding
66		(C)		Tax return form defined
66	542			Prospective application of new law or interpretation or application of law
66		(A)		Prohibition of retroactive application of tax
66		(B)		New or additional category or type of business
66			1	Applies prospectively only
66			2	No retroactive assessment based on new interpretation or application
66		(C)		Includes policies and procedures which differ from established interpretations
66		(D)		Refunds to the person who paid tax
66	545			Deficiencies; when inaccurate return is filed; when no return is filed; estimates
66		(A)		Tax Collector may recompute or estimate:
66			1	When not satisfied with return filed
66			2	When no return filed
66		(B)		Estimates; Presumption
67	546			Closing agreements
67		(A)		Terms and conditions for closing agreements
67		(B)		Approval required for agreement
67		(C)		Agreement final except under certain circumstances; binding nature
67		(D)		Annual report required
68	550			Limitation periods
68		(A)		When return filed
68			1	4 years from due date/filing date
68			2	6 years if taxable under-reported by more than 25%
68			3	Time of delay from taxpayer tolls limitation period
68			4	Assessment made when notice mailed (certified)
68		(B)		Suspension of limitation if:
68			1	Assets of taxpayer in control of court
68			2	Taxpayer and Tax Collector agree in writing to extend limitation period
68		(C)		No limitation if no return filed; fraud
68		(D)		Special provisions relating to owner-builders
68	553			Examination of taxpayer records; joint audits
68		(A)		Waiver of joint audit
69		(B)		Tax jurisdiction acceptance of joint audit
69	555			Tax Collector may examine books and other records; failure to provide records
69		(A)		Tax Collector can examine books and records
69		(B)		Tax Collector may issue Administrative Request (Reg. 555.1)
69		(C)		Failure to provide records can result in 25% penalty
69		(D)		Tax Collector may use any generally accepted auditing standards or procedures

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69		(F)		When assessment final
70	556			No additional audits or proposed assessments; exceptions
70		(A)		Limitations on audits after determination of deficiency; exceptions
70		(B)		Audit by other taxing jurisdiction not included in prohibition
70		(C)		Increases in deficiency prohibited with certain exceptions
70	560			Erroneous payment of tax; credits and refunds; limitations
70		(A)		Tax Collector may authorize credits and refunds; credits cancelled within 1 year after issuance
71		(B)		No credit or refund except:
71			1	Per Section 565
71			2	Per Section 550
71			3	After audit; limitation period calculated from date taxpayer's request is received
71			4	Submission of written claim for excess taxes
71		(C)		Excess taxes; remitting to taxpayer
71		(D)		Interest on credits or refunds; calculation
71		(E)		Appeal of Tax Collector determination
72		(F)		Refunds made from privilege tax revenue accounts
72		(G)		Written Notice of Determination
73		(H)		Appeal of Determination
73		(I)		Provisions of Claim enacted by Ordinance # 4582
73		(J)		Payment of Claim from Privilege Tax Revenue Accounts
73	565			Payment of tax by the incorrect taxpayer or to the incorrect Arizona city or town
73		(A)		Transfer of tax paid by wrong taxpayer
73		(B)		Assignment and waiver requirements
74		(C)		Tax paid to wrong city will be remitted to correct city upon signed assignment and waiver
74		(D)		A.R.S. §42-6003 will govern
74		(E)		"Other city" means State Department of Revenue if city in State collection program
74	567			(Reserved)
74	570			Administrative review; petition for hearing or for redetermination; finality of order
74		(A)		Informal conference with auditor to assessment
74		(B)		Administrative review
74			1	Filing a petition
75			2	Extension to file a petition
75			3	Requirements for petition
75			4	Transmittal to the Hearing Officer
75			5	Hearings
75			6	Redetermination
75			7	Hearing ruling
76			8	Notice of refund or adjusted assessment
76		(C)		Stipulations that future tax is also protested
76		(D)		When assessment final
76			1	Lacking timely-filed petition
76			2	After taxpayer received notice, unless appealed
76		(E)		(Reserved)
76	571			Jeopardy assessments (Reg. 571.1)
76		(A)		If jeopardy assessment, Tax Collector will notify taxpayer at time of assessment and demand immediate payment
76		(B)		Taxpayer must file request for administrative review together with posting bond or collateral within 10 days
76		(C)		Bond or collateral
77		(D)		If all these conditions are not met, tax may be treated as final
77		(E)		Jeopardy requirements deemed satisfied

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77		(B)		Civil action on determination of jeopardy assessment
77	575			Judicial review
77		(A)		Taxpayer's appeal
77		(B)		Tax Collector's appeal
77		(C)		Time for appeal
77		(D)		Trial de novo; limitation on Tax Collector
78		(E)		Burden of proof
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78		(G)		Counterclaims
78	577			Refunds of taxes paid under protest
78	578			Reimbursement of fees and other costs; definitions
78		(A)		Grounds for reimbursement
78		(B)		Circumstances for denial of reimbursement
79		(C)		Itemization of fees and other costs by taxpayer; determination of validity
79		(D)		Payment within 30 days if no appeal
79		(E)		Limit on amount of reimbursement; exception
79		(F)		Definition of "reasonable fees and other costs"
79	580			Criminal penalties
79		(A)		It is unlawful to knowingly or willfully:
79			1	Fail/refuse to file a return
79			2	Fail/refuse to pay tax when due
79			3	Make false/fraudulent return
79			4	Make false/fraudulent statement to claim tax exemption
79			5	Fail/refuse to permit lawful examination of books or records
79			6	Fail/refuse to remit taxes collected from customer
79			7	Advertise that tax is not a consideration of price
80			8	Fail/refuse to obtain a Privilege License
80			9	Falsify/forge document to obtain an exemption
80		(B)		Such acts constitute a Class One misdemeanor
80		(C)		In addition, knowingly swearing to a false statement subject to laws of perjury
80	590			Civil actions
80		(A)		Liens
80			1	City can file a lien for tax, penalty, or interest due
80			2	Lien recording and filing
80			3	Filing a lien does not preclude any other collection methods
80			4	Liens can be released in whole or in part upon payment
80		(B)		Actions to recover tax
80			1	Cannot begin until tax actually assessed
81			2	Must begin:
81				(a) Within six years after assessment is final
81				(b) Prior to any written agreement between taxpayer and Tax Collector, if one exists
81				(c) At any time upon a lien
81	595			Collection of taxes when there is succession in and/or cessation of business
81		(A)		This is in addition to any other provisions in the City Code
81		(B)		Taxes due are lien on property
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82		(D)		Back taxes due are liability of:
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86		(B)		Any retailer not located in the City who is licensed to collect use tax
86		(C)		Any agent of a retailer not maintaining a place of business within the City who sells or leases tangible personal property within the City
86		(D)		Any purchaser or lessor of tangible personal property within the City who claimed exemption from tax at time of purchase/lease from a retailer
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