

Tax Licensing for MACFest Events

The City of Mesa requires a Transaction Privilege (Sales) Tax license for sales of tangible personal property in the City limits. This includes all sales at special events such as an art and cultural event. You can obtain a City license application on the Tax & Licensing webpage at <http://www.mesaaz.gov/salestax> or at our Licensing Office at 55 N Center St., Mesa.

Sales of Artwork

The sales of paintings, sculptures or similar works of fine art, provided that such works of fine art are sold by the ORIGINAL ARTIST, are exempt from city tax. However, the sales of "art creations", such as jewelry, macramé, glasswork, pottery, woodwork, metalwork, furniture, and clothing, when such "art creations" have a dual purpose, both aesthetic and utilitarian, are not exempt, whether sold by the artist or by another. See Mesa Tax Code, Section 5-10-465 (t). Please contact the Arizona Department of Revenue for information on the State tax.

Photography

The sales of photographs and all charges by a photographer resulting in the sale of a photograph (sitting charges, developing, making enlargements, retouching, etc.) for services that occur prior to transfer of tangible personal property are taxable. Regulation 5-10-100.2 D.4.

Brokers

A broker acting for a seller, lessor or other similar person deriving gross income shall be liable for the tax. See Mesa Tax Code, Regulation 5-10-100.1.

Retail Sales & Tax Reporting

If you sell tangible person property, including art (even if you consider it a hobby) at events in the City of Mesa, you are responsible for transaction privilege tax under the Retail Tax classification. All taxpayers are required to report transaction privilege taxes monthly. You need to report your gross sales and take a deduction for items that qualify as exempt on the back of the tax return. The taxes are due the 20th of the month following the month that the sales occurred.

Out of State Sales

All the following requirements must occur for an out of state exempt sale of tangible personal property;

The order is placed from without the State of Arizona; and
The property is delivered to the buyer at a location outside the State; and
The property is purchased for use outside the State.

Persons engaged in a business claiming out-of-State sales shall maintain accounting records indicating:

Information regarding location of order placement; and
Shipping, delivery or freight documents showing where the buyer took delivery; and
Location of use or storage of the property sold to such buyer.

Displaying the Tax License

The transaction privilege tax license shall be on display to the public in the licensee's booth in a conspicuous place. Posting the license at all times avoids delays while conducting business when tax department representatives make compliance checks to verify that vendors are licensed.

Tax Rate on Retail Sales at Events

The City of Mesa tax rate is 1.75% of the taxable income. The total combined rate is 9.05% for retail sales. (6.6% state + 0.7% county + 1.75% city).

Calculating the Tax

Although transaction privilege tax is usually passed on to the customer, it is actually a tax on the vendor for doing business in Arizona. The tax can be added to the sales price or included in the sales price.

Factoring Transaction Privilege Tax

When a business "factors" transaction privilege tax, it means the tax is included in the total price rather than shown as a separate charge. If you choose to factor the tax, the tax must be calculated using a factoring formula. There are many different factoring formulas depending on the city tax rates, state and county tax rates or differences in allowable city tax deductions.

Tax Factor for the State, Maricopa County & City of Mesa tax rate of 9.05% is:

.08298945 Retail (Art Sales)

Example: Sold taxable art item for \$100 and tax is included.

Take the amount collected times the tax factor for retail to calculate the tax on the item.

$\$100 \times .08298945 = \8.30 Total City, State, & County Tax.

Mesa City Tax = $\$100.00$ gross - 8.30 tax = 91.70 net x .0175 = \$ 1.61
State & County Tax = $\$91.70$ net x .073 = \$ 6.29
Total Tax \$ 8.30

Merchants Providing Store Space for Outside Artists or Vendors

Space or booth rentals to vendors or artists are taxable as licensing for use of real property. See Mesa Tax Code, Section 5-10-445. This tax is imposed on any individual renting property or space to vendors. The tax may be added to the vendor's rental fee or included in the charge.

**.01719902 Licensing for Use of Real Property
(Exempt for State & County) Booth rental**

Example: $\$100 \times .01719902 = \$ 1.72$ tax on licensing for use income

FOR LICENSING INFORMATION CONTACT:
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FOR TAX INFORMATION CONTACT:
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