



## TRANSACTION PRIVILEGE TAX INFORMATION SHEET

### GENERAL INFORMATION

You cannot lawfully operate a taxable business in Mesa until you have received your Transaction Privilege Tax License. A separate license is required for each Mesa business location that you have. **Any licensee who loses or misplaces his Transaction Privilege Tax License which is still in effect shall be charged the current license fee for each reissuance of a license.**

**If the business ownership goes through an entity change such as LLC to corporation, sole owner to an LLC, partnership to a sole owner, etc. you must re-apply for a new license and request to close the current license when all taxes due under the old entity have been paid.**

### RATE (AMOUNT OF TAX)

The amount of tax is 1.75% of your taxable income, which is the gross receipts collected less allowable deductions. **Note: Under the Mesa Tax Code, you are liable for any unpaid tax liability of the previous owner.**

### CHANGES TO LICENSE

- **Change of mailing address:** You may contact us by phone, e-mail, fax or notation on your tax return.
- **Change of business location:** A new application must be submitted for a business location change along with a \$50 fee for businesses that had a location change prior to 12/31/2008 and a \$30 fee for businesses that had a location change after 1/1/2009.
- **Change of business name:** A new application must be submitted for a business name change along with a \$50 fee for businesses that had a location change prior to 12/31/2008 and a \$30 fee for businesses that had a location change after 1/1/2009.

### WHEN TO REPORT

*You must report each month.* After six (6) months, you may request to report quarterly if your taxable income does not exceed \$50,000 per year, or report annually if your taxable income does not exceed \$5,000 per year. It is your responsibility to notify the City to adjust your reporting frequency should your taxable income exceed the allowable limits. Penalties will be assessed for failure to make this adjustment. For proper filing all returns must show gross receipts, itemized deductions, be signed and dated. **If you have no taxable activity for a reporting period a report must be submitted showing no tax owed.**

### DELINQUENCY DATES; PENALTIES AND INTEREST

Your taxes are due and payable on or before the 20th day of the month succeeding the month, quarter and/or year for which you are reporting. All returns received within the Licensing Office on or before the last business day of the month when due will be regarded as being filed timely. A business day is any day except Friday, Saturday, Sunday or legal city holiday.

- Interest is prorated on delinquent unpaid taxes until paid and cannot be waived. This interest rate is subject to change on a quarterly basis as established by the I.R.S.
- The Penalty Structure is:  
10% of the tax due for failure to pay tax.  
5% of the tax due per month for failure to file (not to exceed 15%).

### USE TAX

If you purchase items **on which no sales tax has been paid** (including items you take from your inventory) for either your personal or business use, a Use Tax of 1.75% of the purchase price of these items is payable to the City of Mesa and must be reported on your Transaction Privilege Tax Report Form.

### IMPORTANT: WHEN PURCHASING AN EXISTING BUSINESS

Pursuant to the Mesa Tax Code, a purchaser of an existing business can be held liable for past due taxes, interest and penalties owed by the seller of the business. In order to avoid this successor liability, the purchaser must request from the seller a copy of a Certificate of Compliance that the seller has obtained from the City's Tax Audit & Collections Department which states that the seller does not have any amounts due the City. (Refer to Mesa Tax Code Section 5-10-595 for additional information)