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MEMORANDUM **Management Services Memo No. 17-005**

DATE: JULY 28, 2016

TO: MAYOR AND COUNCIL

THRU: MARSHA REED, CITY MANAGER MR
DAWN LANG, MANAGEMENT SERVICES DIRECTOR DL
MATTHEW DUNBAR, REVENUE AND TAX MANAGER MD

FROM: ROBB SWANSON, TAX AUDIT SUPERVISOR RS

SUBJECT: RESOLUTION NO. 4977 AUTHORIZING THE MODIFICATION TO THE INTERGOVERNMENTAL AGREEMENT (IGA) BETWEEN THE ARIZONA DEPARTMENT OF REVENUE (ADOR) AND THE CITY OF CHANDLER RELATED TO THE COLLECTION OF CHANDLER TRANSACTION PRIVILEGE TAX (TPT).

RECOMMENDATION

Staff recommends City Council pass and adopt Resolution No. 4977 authorizing the modification to the Intergovernmental Agreement (IGA) between the Arizona Department of Revenue (ADOR) and the City of Chandler related to the collection of Chandler Transaction Privilege Tax (TPT).

DISCUSSION

The modification to the IGA between the ADOR and the City of Chandler incorporates five agreed upon changes in the existing IGA between the City of Chandler and the ADOR related to the collection of Chandler TPT. The following is a summary of the intent and impact of each of the five changes, by section.

1) 9.6 Adjustments to Reported Taxes

The addition of this new section addresses an issue that came up during the past year. In some cases, the ADOR knew there was an error by the taxpayer in identifying which city or town was supposed to receive the tax, but there was no mechanism allowing them to hold the distribution while the error was being corrected. As a result there were instances when the ADOR had to send funds to a city or town knowing it was incorrect, only to pull those funds back in a subsequent distribution after the error had been resolved. This change

allows the ADOR to avoid these incorrect distributions and recoveries when they are aware of a problem from the outset.

2) 9.7 Taxpayer Rulings and Uniformity

The addition of this new section provides for municipal input in the drafting of rulings and interpretations that impact the Model City Tax Code ("MCTC"), including interpretations of State statute that flow through to the MCTC because the Model language matches the State language. Under current statute, the ADOR is responsible for addressing all taxpayer written requests for rulings, even when the question is based on the MCTC. This section allows the cities to have some influence over issues raised by taxpayers that have a direct impact on local tax imposition and interpretation, without disrupting the normal course of business within the ADOR on routine matters.

3) 10. Financing Collection of Taxes

This section is being amended by adding the second sentence. This addition recognizes that the cities and towns have agreed to a statutory financial obligation to contribute to the State for the operation of the ADOR, and this obligation is not in conflict with the Department's TPT collection and administration efforts being financed through the State general fund appropriation.

4) 28.1 Relating to automatic annual renewal of the agreement

This section has been changed to remove the specific years in the original document, so this section will not need to be changed annually. Also, this section added a provision stating any agreed upon changes that arise from the annual review in Section 28.5 are retroactive to July 1st of each year. The agreement automatically renews without any action unless there are modifications agreed upon in any given year, and if so, you only need to adopt the modifications.

5) 28.5 Relating to annual review of the IGA

This section has been changed to state the review period begins on June 1st, rather than requiring the review being completed by March 1st. The March 1st deadline was simply unrealistic given the legislative session responsibilities of many of the typical reviewers.

FINANCIAL IMPLICATIONS

This agreement represents the second year of financial support relating to the transition of TPT administration from the City to the ADOR. The 2015 legislative action required a payment of $692,900 and the 2016 amount is anticipated to be $513,292.

PROPOSED MOTION

Move City Council pass and adopt of Resolution No. 4977 authorizing the modification to the Intergovernmental Agreement (IGA) between the Arizona Department of Revenue (ADOR) and the City of Chandler related to the collection of Chandler Transaction Privilege Tax (TPT).

Attachments: Resolution No. 4977
Modification to IGA
Original IGA

RESOLUTION NO. 4977

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA APPROVING THE MODIFICATION TO THE INTERGOVERNMENTAL AGREEMENT BETWEEN THE ARIZONA DEPARTMENT OF REVENUE AND THE CITY OF CHANDLER RELATED TO THE COLLECTION OF CHANDLER TRANSACTION PRIVILEGE TAX.

WHEREAS, Title 11, Chapter 7, Article 3 (A.R.S. § 11-952) authorizes two or more public agencies to enter into intergovernmental agreements to contract for services, if authorized by their legislative or governing bodies, and

WHEREAS, A.R.S. § 42-6001 et seq. was amended effective January 1, 2015 to provide that the Arizona Department of Revenue, hereinafter referred to as Department, shall collect and administer any transaction privilege and affiliated excise taxes imposed by any city or town in Arizona and that the Department and each city or town shall enter into an intergovernmental contract or agreement pursuant to A.R.S. § 11-952 to provide a uniform method of administration, collection, audit and licensing of transaction privilege and affiliated excise taxes imposed by the State, cities or towns.

WHEREAS, the City of Chandler and the Arizona Department of Revenue now desire to modify the existing intergovernmental agreement dated June 25, 2015.

NOW, THEREFORE BE IT RESOLVED, that the City Council of the City of Chandler, Arizona hereby approves the modification to the Intergovernmental Agreement between the Arizona Department of Revenue and the City of Chandler related to the collection of Chandler Transaction Privilege Tax, and authorizes the Mayor to sign the agreement.

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona this ____ day of _____, 2016.

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 4977 as duly passed and adopted by the City Council of the City of Chandler, at a regular meeting held on the ___ day of _____, 2016 and that a quorum was present thereat.

_____
City Clerk

Published:

APPROVED AS TO FORM:

_____
City Attorney

MODIFICATION TO INTERGOVERNMENTAL AGREEMENT BETWEEN THE STATE OF ARIZONA AND THE CITY OF CHANDLER

WHEREAS, The Arizona Department of Revenue, hereinafter referred to as Department of Revenue and the City of Chandler, hereinafter referred to as City, have entered into an Intergovernmental Agreement regarding the administration of taxes imposed by the State or City dated June 25, 2015 hereinafter referred to as the IGA, and

WHEREAS, the Department of Revenue and the City intend to continue with the IGA for an additional one year term in order to determine whether the general terms of the IGA meet the parties' needs, with the exception of the modifications set forth below.

The parties agree to modify the IGA as follows effective July 1, 2016:

1. Add the following new subsection to Section 9, Collection of Municipal Taxes:

   9.6 Adjustments to Reported Taxes: If the Department of Revenue determines that a payment remitted by a taxpayer incorrectly identifies the city or town to which the payment should be made, the Department of Revenue may temporarily hold the payment until the distribution of the payment is corrected so that the appropriate city or town receives the payment.

2. Add the following new subsection to Section 9, Collection of Municipal Taxes:

   9.7 Taxpayer Rulings and Uniformity: Recognizing taxpayer written requests for interpretation of the statutes and/or the Model City Tax Code, as well as guidance regarding uniform application and interpretation of the statutes and the Model City Tax Code impact all taxing jurisdictions, and further recognizing responsibility for such rulings and interpretation of the Model City Tax Code had previously been the sole domain of the municipalities, the Department shall include at least two representatives of the municipalities as regular members of any group established to respond to such taxpayer ruling requests and to issue such uniform interpretations and guidance promulgated by the Department. Participation by the two representatives of the municipalities on any such group is limited to instances when there is an issue raised that solely involves the Model City Tax Code and/or presents an issue of first impression, including requests for private taxpayer rulings. The municipal representatives may also be consulted by the Department on information letters, or when issuing statements of general guidance. Written requests involving common questions or issues that have previously been addressed, whether unique to the Model City Tax Code or not, may be handled in the regular course of Department processes without consulting the representatives of the municipalities.

3. Amend Section 10, Financing Collection of Taxes as follows:

10. Financing Collection of Taxes.

The costs incurred by the Department in administering this Agreement shall be financed through the State general fund appropriation to the Department. This provision does not relieve City of any financial obligation imposed by statute.

4. Amend subsection 28.1 of Section 28, Duration, relating to automatic renewal of the agreement as follows:

28.1 The term of this Agreement shall be from July 1 through June 30 of each year. This Agreement shall automatically be renewed for successive one year terms thereafter unless either party shall terminate this Agreement by notice, in writing, no later than sixty calendar days prior to the expiration of the term then in effect. Any agreed upon modifications to the terms and conditions of this agreement shall be incorporated to be effective during the term identified by the review committee provided for in section 28.5.

5. Amend subsection 28.5 of Section 28, Duration, relating to annual review of the agreement as follows:

28.5 During the term of this Agreement, the terms and conditions of this Agreement will undergo an annual review to be initiated no later than June 1st of each year. The review will be performed by a committee made up of equal parts representatives of the Department and representatives of the municipal taxing jurisdictions entering into an IGA with the Department for the administration and collection of Municipal Taxes.

Signature Authority.

By signing below, the signer certifies that he or she has the authority to enter into this Agreement and has read the foregoing and agrees to accept the provisions herein. This modification may be executed in counterparts.

Signature Date	Signature Date
Typed Name and Title	Typed Name and Title
Entity Name	Entity Name

RESERVED FOR THE ATTORNEY GENERAL:	RESERVED FOR CITY ATTORNEY:
Attorney General no. _____, which is an agreement between public agencies, has been reviewed pursuant to A.R.S. § 11-952 by the undersigned Assistant Attorney General who has determined that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona to the Arizona Department of Revenue represented by the Attorney General. **MARK BRNOVICH** The Attorney General _____ Signature Assistant Attorney General Date: _____	APPROVED AS TO FORM AND AUTHORITY: BY: _____ CITY ATTORNEY Date: _____

INTERGOVERNMENTAL AGREEMENT BETWEEN THE STATE OF ARIZONA AND THE CITY OF CHANDLER

THIS AGREEMENT is entered into this Twenty Fifth (25th) day of June, 2015, by and between the Arizona Department of Revenue, hereinafter referred to as Department, and the City of Chandler, an Arizona municipal corporation, hereinafter referred to as City. This Agreement shall supersede and replace all previous intergovernmental agreements, including amendments thereto, entered into by the Department and City regarding the administration, collection, audit and/or licensing of transaction privilege tax, use tax, severance tax, jet fuel excise and use taxes and rental occupancy taxes imposed by the State, cities or towns.

RECITALS

WHEREAS, Title 11, Chapter 7, Article 3 (A.R.S. § 11-952) authorizes two or more public agencies to enter into intergovernmental agreements to contract for services, if authorized by their legislative or governing bodies.

WHEREAS, A.R.S. § 42-6001 et seq. was amended effective January 1, 2015 to provide that the Department shall collect and administer any transaction privilege and affiliated excise taxes imposed by any city or town in Arizona and that the Department and each city or town shall enter into an intergovernmental contract or agreement pursuant to A.R.S. § 11-952 to provide a uniform method of administration, collection, audit and licensing of transaction privilege and affiliated excise taxes imposed by the State, cities or towns.

WHEREAS, City has taken appropriate action by ordinance, resolution or otherwise, pursuant to the laws applicable to the governing body of City, to approve and authorize City to enter into this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the Department and City enter into this intergovernmental agreement as follows:

1. **Definitions.**

   1.1 **A.R.S.** means the Arizona Revised Statutes.

   1.2 **Adoption of an Ordinance** means final approval by majority vote of the City council.

   1.3 **Audit** means a review to determine the correct amount of tax owed by a taxpayer and includes, but is not limited to, desk reviews and reviews of claims for refund.

   1.4 **Closing Agreement** means an agreement to compromise or settle a tax liability.

   1.5 **Confidential Information** means all such information as defined in A.R.S. § 42-2001.

1.6 **Confidentiality Standards** means the standards set forth in Appendix A or such other written standards mutually agreed to by the Department and City.

1.7 **Federal Tax Information** means federal return or return information the Department receives from the Internal Revenue Service including any information created by the Department derived from that information. Documents obtained from a taxpayer or State records are not considered Federal Tax Information.

1.8 **Model City Tax Code** means the document defined in A.R.S. § 42-6051. The official copy of the Model City Tax Code is published at modelcitytaxcode.az.gov.

1.9 **Modification** means a change to an assessment required or authorized by statute.

1.10 **Municipal Tax(es)** means transaction privilege and affiliated excise taxes, including use tax, severance tax, jet fuel excise and use tax, and rental occupancy tax, imposed by City in accordance with the Model City Tax Code. Unless the context provides otherwise, this definition includes tax, license fees, penalties, interest and other similar charges.

1.11 **State** means the State of Arizona.

1.12 **State and Local Uniformity Group** ("SLUG") means an advisory group comprised of four representatives from municipal taxing jurisdictions and four representatives of the Department as set forth in Section 13 below.

1.13 **Taxpayer Information** means information protected from disclosure pursuant to Model City Tax Code § 510.

2. Disclosure of Information by City to Department.

2.1 **Qualified Recipients of Information:** The Department shall provide a list of the names and job titles of Department employees authorized to request and receive Taxpayer Information from City. The Department shall inform City of any additions, deletions or changes to this list within fifteen calendar days after the change occurs and shall provide an updated list at least annually. This information shall be sent via email to City at tax.audit@chandleraz.gov. The City will not disclose Taxpayer Information to a Department employee whose name is not included on this list. City may contact the Department with any questions related to qualified recipients by contacting the Cities Unit at CitiesUnit@azdor.gov.

2.2 **Use of Information:** Any Taxpayer Information released by City to the Department may only be used by the Department for tax administration and collection purposes, and may not be disclosed to the public in any manner that does not comply with the Model City Tax Code. All Taxpayer Information shall be stored and destroyed in accordance with the Confidentiality Standards.

2.3 **Municipal Ordinance:**

(a) City shall provide the Department with a copy of its Municipal Tax code or any City ordinances imposing the taxes to be collected hereunder within ten

calendar days of a request for such information from the Department. This information shall be sent via email to the Cities Unit at CitiesUnit@azdor.gov.

(b) City shall provide the Department with a copy of any ordinance adopted by City after execution of this Agreement that imposes or modifies the Municipal Taxes to be collected hereunder, including a new or different tax rate as defined by A.R.S. § 42-6053(E), within ten calendar days of Adoption of an Ordinance. This information shall be sent via email to the Cities Unit at CitiesUnit@azdor.gov. No such ordinance shall take effect on a date other than the first day of the month that is at least sixty calendar days after City provides notice to the Department unless City and the Department agree otherwise. The Department shall add the change to the official copy of the Model City Tax Code within ten business days of receipt of notice from City. City is responsible for confirming the change has been made. Pursuant to A.R.S. § 42-6053(E)(2), changes in tax rates have no effect unless reflected in the official copy of the Model City Tax Code.

(c) Within fifteen calendar days following the adoption of an annexation ordinance, one copy of the ordinance and notification of the effective date of such ordinance shall be sent to the Department via email at GIS@azdor.gov. City shall also include with the notice a list of businesses City knows to be located in the annexed area. The Department shall not be obligated to begin collection of Municipal Tax any sooner than the first day of the month that is at least sixty calendar days after the date the Department received notice from City of the annexation.

2.4 Development and Impact Fees: Upon request, City shall provide to the Department any information regarding development and impact fees to assist the Department with the auditing of taxpayers and billing and collection of taxes.

2.5 Audits: Upon request by the Department, City shall allow inspections and copies of any City tax audits.

2.6 Other Information: City shall also provide other relevant information necessary for tax administration and collection purposes as requested by the Department.

2.7 Statutory Authority: The disclosure of confidential City tax information is governed by Model City Tax Code Section 510.

3. Disclosure of Information by Department to City.

3.1 Qualified Recipients of Information: City shall provide a list of the names and job titles of City employees and any independent auditors acting on behalf of City authorized to receive Confidential Information. City shall inform the Department of any additions, deletions or changes to this list within fifteen calendar days after the change occurs and shall provide an updated list at least annually. This information shall be sent via email to the Cities Unit at CitiesUnit@azdor.gov. The

Department will not disclose any Confidential Information to a City employee or independent auditor whose name is not included on this list. The Department may contact City with any questions related to qualified recipients by contacting tax.audit@chandleraz.gov.

3.2 **Suspension of Information:** The Department will not withhold Confidential Information from City so long as City complies with A.R.S. § 42-2001 et seq. and the Confidentiality Standards.

(a) If the Department has information to suggest City, or any of its duly authorized representatives, has violated A.R.S. § 42-2001 or the Confidentiality Standards, the Department will send written notice to City detailing the alleged breach as understood by the Department and requesting a response to the allegation within twenty calendar days of the date of the letter.

(b) The Department will review the written response from City and consider the information contained therein and all relevant circumstances surrounding the alleged violation before making a written determination as to whether a suspension of information is warranted and the length of the suspension.

(c) If City is dissatisfied with the Department's determination it may within ten calendar days, submit a written request to SLUG requesting the group review the determination.

(d) If the Department has information to suggest City has violated the Confidentiality Standards, the Department may inspect City's records, facilities, and equipment to confirm whether there has been a violation.

3.3 **Information to be Provided:** Within the restrictions outlined in this Section, the Department shall provide all of the information detailed in Appendix B, which may be modified by the mutal agreement of the parties. The Department shall not provide Federal Tax Information to City. In addition to the information detailed in Appendix B, City may obtain upon request:

(a) Inspections and/or copies of Department tax audits, including all information related to all cities and towns included in the tax audit; and

(b) Other relevant information necessary for tax administration and collection purposes, including all information necessary to verify City received all revenues collected by the Department on behalf of City.

3.4 **Storage and Destruction of Confidential Information:** All Confidential Information provided by the Department to City shall be stored, protected, and destroyed in accordance with the Confidentiality Standards.

3.5 **Statutory Authority:** The Department may disclose Confidential Information to City pursuant to A.R.S. § 42-2003(H) if the information relates to a taxpayer who is

or may be taxable by a county, city or town. Any Confidential Information released to City:

(a) May only be used for internal tax administration purposes as defined in A.R.S. § 42-2001(4); and

(b) May not be disclosed to the public in any manner that does not comply with the Confidentiality Standards.

A.R.S. § 42-2003(H)(2) provides that any release of Confidential Information that violates the Confidentiality Standards will result in the immediate suspension of any rights of City to receive taxpayer information pursuant to A.R.S. § 42-2003(H).

3.6 Specificity of Data: A.R.S. § 42-6001 provides that taxpayers shall file and pay Municipal Taxes to the Department if the Department has developed the electronic and nonelectronic tools necessary to capture data with sufficient specificity to meet the needs of all taxing jurisdictions, including specific data regarding each tax classification and any corresponding deductions at each business location of the taxpayer. Pursuant to A.R.S. § 42-5015, the electronic system utilized by the Department must be able to capture data with sufficient specificity to meet the needs of the taxing jurisdiction. The Department and City agree that JT2 and TPT2 (as summarized in Appendix C) are required to meet the specificity needs of City.

(a) Non-Program City/Town: If City performed its own Municipal Tax administration, collection, and licensing prior to July 1, 2015, then if the Department is unable to commit by September 1, 2015 that the data detail behind the JT2 and TPT2 will be provided to City beginning and from January 1, 2016, the following shall take place:

(1) The term of the agreement entered into by the Department and City pertaining to City performing municipal licensing services on behalf of the Department shall be extended for one (1) year; and

(2) All provisions in this Agreement pertaining to the administration, collection, and licensing of Municipal Taxes shall not go into effect until such time as the Department is able to meet the requirements of A.R.S. § 42-6001 and A.R.S. § 42-5015, however all language in this Agreement related to audit functions shall remain in full force and effect.

(b) Program Cities/Towns: If the Department performed Municipal Tax administration, collection and licensing for City prior to July 1, 2015, then if the Department is unable to commit by September 1, 2015 that the data detail behind the JT2 and TPT2 will be provided to City beginning and from January 1, 2016, the Department will contintinue to perform those functions. The continued provision of such service, however, shall not be deemed waiver of any legal rights or remedies afforded to City including, but not limited to, a failure to meet the requirements of A.R.S. § 42-6001 and A.R.S. § 42-5015.

4. Audit.

The Department shall administer the audit functions for City in accordance with the following provisions.

4.1 Training: All auditors and supervisors shall be trained in accordance with the policies of the Department. Auditors who have not completed the training may only work in connection with a trained auditor and cannot be the only auditor assigned to the audit. The Department shall:

(a) Provide audit training at least three times per year, or more frequently if there is a demonstrated need, and be responsible for its costs of the training and any associated materials;

(b) Provide additional training when practical;

(c) Notify City of any training sessions at least thirty calendar days before the date of the training session;

(d) Provide copies of State tax statutes, audit reference materials and audit procedures and manuals;

(e) Permit City auditors and supervisors to attend any scheduled training as space permits at designated training location: and

(f) Provide additional training as needed to inform auditors and supervisors regarding changes in State law or Department policy.

4.2 Conflict of Interest: An auditor or supervisor trained and authorized to conduct an audit may not conduct any of the following prohibited acts:

(a) Represent a taxpayer in any tax matter against the Department or City while employed or in an independent contractor relationship with the Department or City.

(b) Attempt to use his/her official position to secure any valuable thing or valuable benefit for himself/herself or his/her family members.

(c) Represent a taxpayer before the Department or City concerning any matter in which he/she personally participated for a period of one year after he/she ends employment or the independent contractor relationship with the Department or City.

(d) Use information he/she acquires in the course of the official duties as an auditor or supervisor in a manner inconsistent with his/her official duties without prior written approval from the Department.

(e) For a period of one year after he/she ends employment or an independent contractor relationship with the Department or City, work in the same firm as a person who represents a taxpayer against the Department or City unless the firm institutes formal barriers to prevent any sharing of information between the trained auditor or supervisor and the remainder of the firm.

The Department may revoke an individual's authority to audit and prohibit the use of any auditor or supervisor who violates this provision.

4.3 Audits and Refunds:

(a) City may conduct an audit of a taxpayer engaged in business only in City. Before commencing such audit, City shall notify the Department to ensure the taxpayer is not already scheduled for an audit. The Department will provide City with a written response within fifteen calendar days of the notice from City.

(b) Except as permitted below, the Department shall conduct all audits of taxpayers having locations in two or more cities or towns. A City auditor may participate in any audit City requested the Department to perform.

(c) City shall notify the Department if it wants an audit of a taxpayer having locations in two or more Arizona cities or towns and whose primary business activity is in the following business classifications taxable by City, but not a taxable activity under State law:

1. Residential rentals;
2. Commercial rentals;
3. Speculative Builders; or
4. Advertising.

The Department will authorize such audits, to be overseen by the Department, unless there is already an audit of the taxpayer scheduled, or the Department determines the audit selection is discriminatory, an abuse of process or poses other similar defects. The Department will notify City of its determination within thirty calendar days. No initial audit contact may occur between City and a taxpayer until the Department approves the audit notice.

(d) City may request the Department conduct an audit of a taxpayer having locations in two or more Arizona cities or towns and whose primary business is subject to both city and state tax. The request must be made using the Department's audit request form. Copies of the form can be obtained from the Department's TPT Hub Unit at HubUnit@azdor.gov. The Department shall notify City of the decision regarding the request within thirty calendar days of receipt of the request.

(e) The Department may deny a request for an audit for the following reasons:

1. An audit is already scheduled or planned for the taxpayer within six months of the request;
2. The requested audit would interfere with strategic tax administration planning;

3. The audit selection is discriminatory, an abuse of process or poses other similar defects;
4. The request lacks sufficient information for the Department to determine whether it is appropriate;
5. The Taxpayer was audited within the previous two years;
6. The Department lacks sufficient resources to conduct the audit; or
7. The scope or subject of the audit does not justify the use of Department resources.

(f) If the Department denies a request to conduct an audit because it either lacks resources to conduct the audit itself or the scope or subject of the audit does not justify the use of Department resources then City shall notify the Department if it wants to conduct the audit under the supervision of the Department. No initial audit contact may occur between City and a taxpayer until the Department appoints someone to supervise the audit.

(g) Any decision by the Department denying City's request to conduct any audit may be referred to SLUG in accordance with Section 13 of this Agreement.

(h) All audits conducted by City shall be in accordance with standard audit procedures defined in the Department audit manual. All auditors shall be trained in accordance with Section 4.1 above.

(i) The Department may appoint a manager to supervise any audit conducted by City.

(j) All audits shall include all taxing jurisdictions in the State regardless of which jurisdiction's auditors participate in the audit. All desk reviews must include all taxing jurisdictions for which there is information available.

(k) The Department shall issue all audit assessments on behalf of all taxing jurisdictions in a single notice to the taxpayer.

(l) The Department shall issue Modifications to audit assessments on behalf of all taxing jurisdictions in a single notice to the taxpayer.

4.4 Claims for Refund:

(a) When a taxpayer files a request for refund, including refunds requested by filing amended returns, the Department shall process the request and review it for mathematical errors or for the failure of the taxpayer to properly compute the tax based on the taxable income reported on the return or refund request.

(b) The Department will notify City of all refund requests that are processed involving City's Municipal Taxes within thirty calendar days of processing

the refund. City may request an audit of the taxpayer as set forth in Section 4.3 above.

(c) The Department may assign an auditor to review requests for refunds. The Department will notify City, within thirty calendar days of initiating a review, of all refunds under review by an auditor pertaining to a taxpayer who engages in business within City's taxing jurisdiction and may request that City assign an auditor to assist with such reviews.

(d) City is responsible for payment of all amounts to be refunded to taxpayers for Municipal Tax incorrectly paid to City. The Department may offset a remittance to City under this Agreement to cover the amounts of allowed refunds. If there are insufficient funds available to pay the refund, City must pay the Department within sixty days of written demand from the Department.

(e) The Department shall issue refund approvals/denials on behalf of all taxing jurisdictions in a single notice to the taxpayer. City may request copies of such determinations.

4.5 Protests: Taxpayer protests of audit assessments and desk review assessments and refund denials shall be directed to the Department. Appeals of audit assessments, desk review assessments and refund denials shall be administered pursuant to Title 42, Chapter 1, Article 6, Arizona Revised Statues. Upon request, the Department shall notify City of any appeals within 30 days of receipt of the protest.

4.6 Notice of Resolution: The Department shall notify City when a protest is resolved, including information concerning the resolution of the protest, within 30 days after the resolution of a protest.

4.7 Status Reports: The Department shall keep SLUG apprised of the status of each protested matter involving the imposition of Municipal Taxes. City may request to be on a distribution list for monthly status reports by contacting the Department's Cities Unit.

5. Voluntary Disclosure Agreements.

The Department may enter into a voluntary disclosure agreement with a taxpayer. A voluntary disclosure agreement may limit the years subject to audit and waive penalties. City may request to be kept informed of voluntary disclosure agreements involving City Municipal Tax. If City makes that request, the Department will notify City of the Department's intent to enter into an agreement and the Department will provide the taxpayer's identity within thirty calendar days of disclosure. City may request an audit of a taxpayer subject to a voluntary disclosure agreement pursuant to Section 4.3 above.

6. License Compliance.

6.1 License Issuance and Renewal: The Department shall issue new Municipal Tax licenses and renew such licenses for City Municipal Tax. The Department of Revenue shall provide City with information about all persons obtaining and renewing tax licenses as set forth in Appendix B.

6.2 License Checks: The Department and City shall coordinate efforts to conduct tax license compliance checks through canvassing and other compliance methods.

6.3 Confidentiality: Any tax license information City obtains from the Department is considered Confidential Information and may only be disclosed as authorized by A.R.S. § 42-2003. Any tax license information City obtains through its own efforts may be disclosed as allowed by applicable City laws.

6.4 Changes to License Fees: Within fifteen calendar days following the Adoption of an Ordinance (or official acknowledgment of approval of an ordinance by voters in an election of a charter city) issuing or modifying a tax license fee, one copy of the ordinance and notification of the effective date of such ordinance shall be sent to the Department via email at CitiesUnit@azdor.gov. The Department shall not be obligated to begin collection of the new or modified fee any sooner than sixty calendar days after the date the Department received the ordinance from City. Notice of an ordinance concerning a renewal tax license fee must be received by the Department by July 31 in order to be collected the following calendar year.

7. Closing Agreements.

7.1 Approval: The Department shall notify City before entering into a Closing Agreement related to the tax levied and imposed by City. The Department shall seek approval from either City or SLUG before entering into such Closing Agreement. If the Closing Agreement concerns only City, then the Department will attempt to obtain approval from City first, and will only seek approval from SLUG if City is unresponsive or the Department and City cannot reach an agreement. Approval and notice is not required for Modifications of assessments.

7.2 Litigation: During the course of litigation, the Department shall seek a range of settlement authority from City or SLUG, unless the circumstances prevent such action. The Department may also request a telephonic meeting of SLUG if time and circumstances require immediate action.

8. Responsibility for Representation in Litigation.

8.1 Administrative Proceedings: The Department shall be responsible for coordinating the litigation and defending the assessment or refund denial in any

administrative appeals before the Office of Administrative Hearings or the Director of the Department regardless of who conducted the audit. The Department shall be reasonably diligent in defending the interests of City and City shall assist in such representation as may be requested by the Department.

8.2 Further Appeals: The Arizona Attorney General is responsible for defending the assessment or refund denial at the Board of Tax Appeals, the Arizona Tax Court and all higher courts. City shall assist the Attorney General in such representation and litigation as requested by the Attorney General's Office.

8.3 Mutual Cooperation: The Department and City agree they shall cooperate in the appeal and litigation processes and shall ensure their auditors, supervisors, and other necessary employees are available to assist the Department and the Attorney General for informal interviews, providing documents and computer records, preparing for depositions, attending depositions and trial as witnesses, and assisting in trial/hearing preparation as needed.

8.4 Administrative Decisions: The Department shall provide a copy of any and all administrative hearing level decisions, including Director's decisions issued by the Department to all jurisdictions on a distribution list. City may request to be on the distribution list by contacting the Department's Cities Unit. Administrative decisions are Confidential Information and must be stored and destroyed in accordance with the Confidentiality Standards.

9. Collection of Municipal Taxes.

9.1 Tax Returns: Taxpayers who are subject to City Municipal Taxes shall pay such taxes to the Department. Tax payments shall be accompanied by a return prepared by taxpayer on a form prescribed by the Department.

9.2 Collection: The Department shall collect any Municipal Tax imposed by City recorded on the Department's tax accounting system. Amounts the Department collects for delinquent City Municipal Tax accounts after the termination of this Agreement shall be forwarded to City.

9.3 Remittance: All amounts collected by the Department for Municipal Taxes under this Agreement shall be remitted to City weekly on the basis of actual collections. The Department shall initiate the electronic payment by noon on the Monday after the end of the week in which the collections were made. Remittance shall be made in the form of immediately available funds transferred electronically to the bank account designated by City.

9.4 Abatement: The Department, with the approval of the Attorney General, may abate tax under certain circumstances. During the ordinary course of business, the Department may determine for various reasons that certain accounts shall be closed or cancelled. The Department shall seek input from City or SLUG before

abating tax or closing accounts. The Department may request a telephonic meeting of SLUG if time and circumstances require immediate action.

9.5 **Funds Owed to City:** At all times and under all circumstances payments remitted by a taxpayer to the Department for City Municipal Taxes will be considered property of City. The Department may not retain or fail to remit such funds to City for any reason not specifically set forth in this Agreement including, but not limited to, during the course of a dispute between City and the Department.

10. Financing Collection of Taxes.

The costs incurred by the Department in administering this Agreement shall be financed through the State general fund appropriation to the Department.

11. Inter-Jurisdictional Transfers.

All inter-jurisdictional transfers of Municipal Tax monies by the Department shall be handled in the following manner:

11.1 **Requests:** Requests for inter-jurisdictional transfers shall be made to the Department. The Department will review the request and will not automatically accept the request.

11.2 **Notice:** The Department shall notify City and any other city or town implicated in the requested transfer a minimum of thirty calendar days prior to any inter-jurisdictional transfer of money.

11.3 **Dispute Resolution:** Any city or town subject to an inter-jurisdictional transfer shall resolve any dispute over the allocation of the tax in accordance with A.R.S. § 42-6003 and the Department shall transfer the funds subject to an inter-jurisdictional transfer in accordance with the agreed upon allocation in a timely manner.

12. Educational Outreach.

City may conduct, at its own expense, educational outreach to taxpayers who are conducting business activities within City's taxing jurisdiction concerning the Model City Tax Code and the collection and administration of Municipal Taxes. Educational outreach shall be consistent with applicable law and Department written guidance. Upon request, City shall provide information to the Department concerning such educational outreach efforts.

13. SLUG.

The Department shall create an advisory group to help resolve issues.

13.1 **Members:** The members shall consist of four seats representing municipal taxing jurisdictions and four seats representing the Department. Member seats may be split so some people fill the position for only certain issues, such as audit selection or collection abatement. There shall also be a list of alternate members, who may be asked by a regular member who is unable to attend a meeting to take that member's place at a SLUG meeting.

13.2 **Selection:** The Director of the Department shall appoint people to serve as members of SLUG. Municipal taxing jurisdictions shall nominate members from municipal taxing jurisdictions. All members shall serve for a period of one year unless they resign at an earlier date. Members may be appointed to serve consecutive terms. Members appointed to fill vacancies shall serve for the time remaining on the term.

13.3 **Meetings:** SLUG shall meet on a regular basis and at least monthly unless the members agree to cancel the meetings due to a lack of agenda items. It can schedule additional meetings as necessary to timely discuss issues presented. Alternate members may attend meetings, but cannot participate in any discussion or voting, unless filling the seat of a regular member.

13.4 **Issues:** City may refer issues to SLUG involving the following:

(a) Decisions by the Department to not audit a taxpayer;

(b) Amendments to Department audit procedures or manuals;

(c) Closing Agreements or a range of settlement authority;

(d) Abatement or account closure in collections;

(e) Suspension of disclosure of information from the Department; and

(f) Other issues as authorized by the Director of the Department or agreed upon by the parties.

13.5 **Recommendations:** SLUG shall make recommendations to the Director of the Department. If the recommendation is approved by at least five members of SLUG, the Director will accept the recommendation of SLUG. If SLUG cannot reach a recommendation agreeable to at least five members of the group, the Director may act as he deems to be in the best interests of all parties.

13.6 **Voting:** Voting shall be by secret ballot.

13.7 **Procedures:** **SLUG** may develop procedures concerning the operation of the group as long as they are not inconsistent with this Agreement.

14. Funding of Additional Auditors by City.

14.1 Funding: At the sole discretion of City, City may contribute funding to the Department to pay for additional auditors to assist the Department in the performance of audits of Municipal Tax owed to City. Such additional auditors funded by City shall at all times be deemed to be employees of the Department and under no circumstances shall be deemed to be employees or agents of City. It is the parties' intention that City funding be used to increase the capabilities of the Department to perform Municipal Tax audits and not to subsidize or replace State funding required for audit and collection of taxes.

14.2 Use of Funds: City funding for additional auditors under this Section shall be used to fund the auditors' salaries and employee related expenses and shall not be used to pay for Department office space, utilities, equipment, supplies, or similar kinds of overhead.

14.3 Pool of Funds: The Department may pool any City funding with any other similar funding provided by other municipal taxing jurisdictions to pay for additional auditors. The Department shall separately account for such funds in its annual budget.

14.4 Accounting: The Department shall provide an annual accounting to City, by August 31 each year describing how City funding was used during the prior fiscal year.

15. Satellite Offices for Department Auditors.

15.1 Funding: City, at its own expense and at its sole discretion, may provide one or more satellite offices and associated amenities for use by Department employees to provide audit and/or customer service to taxpayers. Use of such facilities by Department employees shall be at the sole discretion of the Department. Nothing in this section shall require the Department to make use of such facilities provided by City.

15.2 Requirements: Any Department employee using a City satellite office must meet reasonable requirements of City related to the use of the facility. City shall be responsible for notifying the Department of any concerns, and the Department shall be responsible for taking appropriate actions to resolve those concerns.

15.3 Termination: Once a satellite office is established, City shall provide at least 180 calendar days written notice to the Department prior to the termination or relocation of a satellite office. The Department may discontinue the use of a satellite office at any time upon notice to City and shall promptly remove all Department property.

15.4 **License:** All requirements of City and the Department related to the satellite office shall be outlined in a mutually acceptable form of license and subject to separate approval.

16. Non-availability of Funds.

Every payment obligation of the Department and the City pursuant to this Agreement is conditioned upon the availability of funds appropriated or allocated for the payment of such obligation, except for the rendering of funds to City paid by a taxpayer for Municipal Taxes or tax license fees of City. If funds are not appropriated, allocated and available or if the appropriation is changed resulting in funds no longer being available for the continuance of this Agreement, this Agreement may be terminated at the end of the period for which funds are available. No liability shall accrue to the State in the event this provision is exercised, and the State shall not be obligated or liable for any future payments or for any damages as a result of termination under this Section. The termination of this Agreement shall not entitle the Department to retain any Municipal Tax collected on behalf of City pursuant to this Agreement.

17. Waiver.

Nothing in this Agreement should be interpreted as City relinquishing its legal rights under the Arizona Constitution or other applicable law, nor that City is conceding the administration and collection of its Municipal Tax is not of a local interest or should not be under local control.

18. Cancellation.

The requirements of A.R.S. § 38-511 apply to this Agreement. The Department or City may cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Department or City is, at any time while this Agreement or any extension is in effect, an employee, agent or consultant of the other party with respect to the subject matter of this Agreement.

19. Notice.

(a) When any Notice to City is required under the terms of this Agreement, such Notice shall be mailed to City at the following address, directed to the attention of:

City of Chandler
Attn: Management Services Director
Mail Stop 609
PO Box 4008
Chandler, AZ 85244-4008

(b) When any Notice to the Department is required under the terms of this Agreement, such Notice shall be mailed to:

Arizona Department of Revenue
Attn: Director, Division Code 20
1600 W. Monroe
Phoenix, AZ 85007

Notice to the Department's Hub Unit or City Unit may be mailed to:

Arizona Department of Revenue
Division Code 16
1600 W. Monroe
Phoenix, AZ 85007

20. Non-discrimination.

The Department and City shall comply with Executive Order 2009-9, which mandates all persons, regardless of race, color, religion, sex, age, or national origin, shall have equal access to employment opportunities, and all other applicable State and Federal employment laws, rules, and regulations, including the Americans with Disabilities Act. The Department and City shall take affirmative action to ensure applicants for employment and employees are not discriminated against due to race, creed, color, religion, sex, national origin or disability.

21. Compliance with Immigration Laws and A.R.S. § 41-4401.

21.1 The Department and City shall comply with all Federal immigration laws and regulations relating to employees and warrants compliance with A.R.S. § 23-214(A) which reads in part: "After December 31, 2007, every employer, after hiring an employee, shall verify the employment eligibility of the employee through the e-verify program."

21.2 A breach of compliance with immigration laws and regulations shall be deemed a material breach of this Agreement and may be grounds for the immediate termination of this Agreement.

21.3 The Department and City retain the legal right to inspect the papers of any employee who works on the Agreement to ensure the Department and City is complying with the applicable Federal immigration laws and regulations and State statutes as set forth above.

22. Audit of Records.

City and the Department shall retain all data, books, and other records ("Records") relating to this Agreement for at least six (6) years (a) after termination of this Agreement, and (b) following each annual renewal thereof. All Records shall be subject to inspection by audit by the State at reasonable times. Upon request, the Department and City shall produce any or all such records. This Agreement is subject to A.R.S. §§ 35-214 and -215.

23. Amendments.

Any amendments to or modifications of this Agreement must be executed in writing in accordance with the provisions of this Agreement.

24. Mutual Cooperation.

In the event of a disagreement between the parties with regard to the terms, provisions and requirements of this Agreement or in the event of the occurrence of any circumstances bearing upon or affecting this Agreement, parties hereby agree to mutually cooperate in order to resolve the said disagreement or deal with the said circumstance.

25. Arbitration.

To the extent required by A.R.S. § 12-1518(B) and as provided for in A.R.S. § 12-133, the parties agree to resolve any dispute arising out of this Agreement by arbitration. The parties agree that any lawsuit filed by City relating to the issues outlined in Section 17 of this Agreement is not considered to be a dispute arising out of this Agreement.

26. Implementation.

The implementation and execution of the provisions of this Agreement shall be the responsibility of the Director of the Department or his representative and the Mayor his/her designee, or another party with designated authority pursuant to applicable law or City charter on behalf of City.

27. Limitations.

Nothing in this Agreement shall be construed as limiting or expanding the statutory responsibilities of the parties in performing functions beyond those granted to them by law, or as requiring the parties to expend any sum in excess of their appropriations.

28. Duration.

28.1 The term of this Agreement shall be from July 1, 2015 through June 30, 2016. This Agreement shall automatically be renewed for successive one year terms thereafter unless either party shall terminate this Agreement by notice, in writing, no later than sixty calendar days prior to the expiration of the term then in effect.

28.2 If State legislation enacted subsequent to the date of this Agreement substantially affects the performance of this Agreement by either party or substantially diminishes the benefits either party would receive under this Agreement, either party may then terminate this Agreement by giving at least thirty calendar days' notice to the other party. The termination will become effective immediately upon the expiration of the notice period unless otherwise agreed to by the parties.

28.3 Notwithstanding any provision to the contrary herein, both parties may by mutual agreement provide for the termination of this contract upon such terms and at such time as is mutually agreeable to them.

28.4 Any notice of termination shall be mailed and served on the other party in accordance with Section 19 of this Agreement.

28.5 During the term of this Agreement, the terms and conditions of this Agreement will undergo an annual review to be completed no later than March 1st of each year. The review will be performed by a committee made up of equal parts representatives of the Department and representatives of the municipal taxing jurisdictions entering into an IGA with the Department for the administration and collection of Municipal Taxes.

29. Choice of Law.

The laws and regulations of the State of Arizona shall govern the rights of the parties, the performance of this Agreement, and any disputes arising from this Agreement.

30. Entire Agreement.

This document, including other documents referred herein, and any approved subcontracts, amendments and modifications made thereto, shall constitute the entire Agreement between the parties and shall supersede all other understandings, oral or written.

31. Signature Authority.

31.1 By signing below, the signer certifies he or she has the authority to enter into this Agreement on behalf of his or her respective party, and he or she has read the foregoing and agrees to accept the provisions herein on said party's behalf.

31.2 This Intergovernmental Agreement may be executed in counterpart.

Signature Date	Signature Date
Jay Tibshraeny, Mayor	Typed Name and Title
City of Chandler	Entity Name
Office of the Mayor & City Council, Mail Stop 603, PO Box 4008	Address
Chandler Arizona 85244-4008	City State Zip
RESERVED FOR THE ATTORNEY GENERAL:	**RESERVED FOR CITY ATTORNEY:**
This agreement between public agencies has been reviewed pursuant to A.R.S. § 11-952 by the undersigned Assistant Attorney General who has determined that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona to the Arizona Department of Revenue represented by the Attorney General. **MARK BRNOVICH** The Attorney General _____ Signature Assistant Attorney General Date: _____	APPROVED AS TO FORM AND AUTHORITY: BY:_____ CITY ATTORNEY dkn Date: _____

APPENDIX A

ARIZONA DEPARTMENT OF REVENUE CONFIDENTIALITY REQUIREMENTS

1. Confidential Information

1.1 Confidential Information is defined in A.R.S § 42-2001. Confidential Information may not be disclosed except as provided by statute. A.R.S. § 42-2001(B).

1.2 License information obtained from the Department of Revenue is Confidential Information and may only be disclosed as authorized by A.R.S. § 42-2003. License information obtained from other sources is not Confidential Information.

1.3 Information about a taxpayer's identity obtained from the Department of Revenue is Confidential information and may only be disclosed as authorized by A.R.S. § 42-2003. Identity information obtained from other sources is not Confidential Information.

1.4 Confidential Information includes information about a single taxpayer and also aggregated information about a group of identified or identifiable taxpayers. Aggregated information from fewer than three taxpayers in a grouping on a statewide basis or fewer than ten taxpayers in a grouping for an area that is less than state level (city or town) may be Confidential Information. Such information may not be released unless the City/Town Administrator reviews the relevant information concerning the aggregate data and makes a determination in writing that the aggregate data does not reveal information about any specific taxpayer. Such determination should take into consideration the following:

a. The proportionality of the tax information applicable to individual members of the group of taxpayers; no individual taxpayer's information should be discernable due to its relative size/taxable sales, compared to other members of the group;

b. The total aggregated tax information; the aggregate information cannot allow viewers to draw conclusions about individual taxpayers (e.g., there are 6 car dealers in the city and the total aggregate sales were $900,000 and none of them reported individual sales above the $20,000 mark, which would have qualified for the lower tax rate on large purchases)

c. Any other factor that could cause the aggregate data to be used to determine information specific to a single taxpayer.

2. Protecting Information

2.1 City/Town must identify all places, both physical and logical, where Confidential Information is received, processed and stored and create a plan to adequately secure those areas.

EXHIBIT 1

ENCRYPTION STANDARDS

1.0 Acceptable Encryption Algorithms – The following encryption algorithms are considered acceptable for use in information systems to protect the transmission or storage of Confidential Information and system access.

1.1.1 Acceptable Security Strength – the security strength of an encryption algorithm is a projection of the time frame during which the algorithm and the key length can be expected to provide adequate security. The security strength of encryption algorithms is measured in bits, a measure of the difficulty of discovering the key.

a. The current minimum key strength for Confidential Information is 112 bits.

1.1.2 Symmetric Encryption Algorithms – The following symmetric encryption algorithms are considered acceptable for use.

Algorithm	Reference	Acceptable Key Strengths
Advanced Encryption Standard (AES)	FIPS 197	128, 192 or 256 bits
Triple Data Encryption Algorithm (TDEA) (three key 3DES)	SP 800-67	168 bits

1.1.3 Key Agreement Schemes – The following key agreement schemes are considered acceptable for use

Key Agreement Scheme	Reference	Acceptable Key Strengths	
		Finite Fields	Elliptical Curves
Diffie-Hellman (DH) or MOV	SP 800-56A SP 800-135	P = 2048 Q = 224 or 256	N: 224-255 and H=14 N: 256-383 and H=16 N: 384-511 and H=24 N: 512+ and H=32
RSA – based	SP 800-131A	N = 2048	

1.1.4 Hash Functions – The following hash functions are considered acceptable for use

Digital Signature Generation	Digital Signature Verification	Non-digital signature generation applications
SHA-224 SHA-256 SHA-384	SHA-224 SHA-256 SHA-384	SHA-1 SHA-224 SHA-256

SHA-512	SHA-512	SHA-384 SHA-512

1.1.5 Digital Signature Algorithms – The following digital signature algorithms are considered acceptable for use.

Digital Signature Algorithm	FIPS Publication	Digital Signature Generation Settings	Digital Signature Verification Settings	Relative Strengths
Digital Signature Standard (DSA)	FIPS 186-4	p>= 2048 q = 224	p>= 2048 q = 224	>= 112 bits
RSA Digital Signature	FIPS 186-4	2048	2048	>= 112 bits
ECDSA	FIPS 186-4	224	224	>= 112 bits

1.1.6 Message Signature Algorithms – The following digital signature algorithms are considered acceptable for use.

Hash Algorithms	Hash Generation	Hash Verification
HMAC	>= 112 bits	>= 112 bits
CMAC	AES, 3DES	AES, 3DES
CCM and GCM/GMAC	AES	AES

APPENDIX B

From the effective date of this Agreement until the new functionalities set forth below are implemented, the Department of Revenue will provide the following reports:

City Payment Journal Detail;
City Payment Journal Summary;
New License Report

Within 30 days after the first month's implementation of the JT2, the Department of Revenue will provide a new License Report and License Update Report containing at least the following fields:

NEW LICENSE REPORT AND LICENSE UPDATE REPORT

Fields displayed:

- Region Code
- Run Date
- Report Start Date
- Report End Date
- Update Date
- ID Type
- ID
- Account ID
- Entity Name
- Ownership Type
- License ID
- OTO/Applied For indicator
- Bankruptcy Indicator
- Filing Frequency
- Issue Date
- Account Start Date
- Business Start Date
- Arizona Start Date
- Doc Loc Nbr
- Accounting Method
- Close Date
- Close Code
- Business Description
- NAICS1
- NAICS2
- NAICS3
- NAICS4
- Mailing Street1
- Mailing Street2
- Mailing Street3
- Mailing City

- Mailing State
- Mailing ZIP
- Mailing Country
- Mailing Phone Number
- Mailing Address Add date
- Mailing Address End Date
- Audit Street1
- Audit Street 2
- Audit Street 3
- Audit City
- Audit State
- Audit Zip
- Audit Country
- Audit Phone Number
- Audit Address Add Date
- Audit Address End Date
- Location Code
- Business Codes
- Location Name (DBA)
- Number of Units
- Location Street 1
- Location Street 2
- Location Street 3
- Location City
- Location State
- Location Zip
- Location Country
- Location Phone Number
- Location Start Date
- Location End Date
- Primary Location Street 1
- Primary Location Street 2
- Primary Location Street 3
- Primary Location City
- Primary Location State
- Primary Location Zip Code
- Primary Location Country
- Primary Location Phone Number
- Primary Location Start Date
- Primary Location End Date
- Owner Name
- Owner Title
- Owner Name 2
- Owner Title 2
- Owner Name 3
- Owner Title 3

Within 30 days of the implementation of the TPT2, the Department of Revenue will provide the following reports with at least the fields indicated below:

CITY PAYMENT JOURNAL

- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Period End Date
- Payment received date
- Return received date
- Payment process date
- Return process date
- Filing Frequency
- License ID
- Entity Name
- Location Code
- Location Name (DBA)
- Location Street 1
- Location Street 2
- Location Street 3
- Location City
- Location State
- Location Zip
- Location Country
- NAICS
- Business Code
- Doc Loc Nbr
- Pmt Loc Nbr
- Gross Receipts
- Total Deductions
- Tax or Fee Collected
- P & I Collected
- Audit Collections
- Tran Type
- Tran Subtype
- Rev Type

CITY PAYMENT JOURNAL SUMMARY

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Business Code
- Number of Accounts

- Collections

Within 30 days after the first month's implementation of the TPT2, the following reports with at least the fields indicated below:

NO MONEY REPORT

- Region Code
- GL Accounting Period
- Period End Date
- Payment received date
- Return received date
- Payment process date
- Return process date
- Filing Frequency
- License ID
- Entity Name
- Location Code
- Location Name (DBA)
- Location Street 1
- Location Street 2
- Location Street 3
- Location City
- Location State
- Location Zip
- Location Country
- NAICS
- Business Code
- Doc Loc Nbr
- Pmt Loc Nbr
- Gross Receipts
- Total Deductions
- Tax or Fee Collected
- P & I Collected
- Audit Collections
- Tran Type
- Tran Subtype

DEDUCTION REPORT

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Period End Date
- License ID
- Entity Name

- Location Code
- Location Name (DBA)
- Business Code
- Doc Loc Nbr
- Deduction Code
- Deduction Amount
- Tran Type
- Tran Subtype
- Rev Type

Within 30 days after taxes (subject to fund distributions) are collected, the Department of Revenue will provide the following report with at least the fields indicated below:

FUND DISTRIBUTION REPORT

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Period End Date
- Payment Received Date
- Return Received Date
- Payment Processed Date
- Return Processed Date
- License ID
- Entity Name
- Location Code
- Location Name (DBA)
- Business Code
- Doc Loc Nbr
- Fund Allocation Code
- Amount Distributed

FUND DISTRIBUTION SUMMARY REPORT

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Fund Allocation Code
- Amount Distributed

JT-2/UC-001 (7/15)

Appendix C

ARIZONA JOINT TAX APPLICATION (JT-2)

License & Registration
ARIZONA DEPARTMENT OF REVENUE
PO BOX 29032
Phoenix, AZ 85038-9032

IMPORTANT! Incomplete applications WILL NOT BE PROCESSED.

- Please read form instructions while completing the application. Additional information and forms available at www.azdor.gov
- Required information is designated with an asterisk (*).
- Return completed application AND applicable license fee(s) to address shown at left.
- For licensing questions regarding transaction privilege tax, call Taxpayer Information & Assistance: (602) 542-4576

You can file and pay for this application online at www.AZTaxes.gov. It is fast and secure.

SECTION A: Business Information

1* Federal Employer Identification No. or Social Security No. *if sole proprietor without employees*

2* License Type – *Check all that apply:*
☐ Transaction Privilege Tax (TPT) ☐ Use Tax
☐ Withholding/Unemployment Tax (*if hiring employees*) ☐ TPT for Cities ONLY

3* Type of Organization/Ownership – *Tax exempt organizations must attach a copy of the Internal Revenue Service's letter of determination.*
☐ Individual/Sole Proprietorship ☐ Subchapter S Corporation ☐ Government ☐ Joint Venture
☐ Corporation ☐ Association ☐ Estate ☐ Receivership
State of Inc. ☐ Partnership ☐ Trust
Date of Inc. ☐ Limited Liability Company ☐ Limited Liability Partnership

4* Legal Business Name

5* Mailing Address – number and street | City | State | ZIP Code

County/Region | Country

6* Business Phone No. (*with area code*) | 7 Email Address | 8 Fax Number (*with area code*)

9* Description of Business: *Describe merchandise sold or taxable activity.*

10* **NAICS Codes:** Available at www.azdor.gov

11* Did you acquire or change the legal form of an existing business?
☐ No ☐ Yes ➔ You must complete Section F.

12* Are you a construction contractor?
☐ No ☐ Yes (*see bonding requirements*)

BONDING REQUIREMENTS: Prior to the issuance of a Transaction Privilege Tax license, new or out-of-state contractors are required to post a Taxpayer Bond for Contractors unless the contractor qualifies for an exemption from the bonding requirement. The primary type of contracting being performed determines the amount of bond to be posted. Bonds may also be required from applicants who are delinquent in paying Arizona taxes or have a history of delinquencies. Refer to the publication, Taxpayer Bonds, available online at www.azdor.gov or in Arizona Department of Revenue offices.

WITHHOLDING LICENSE ONLY

13* Withholding Physical Location Number and street (*Do not use PO Box, PMB or route numbers*) | City | State | ZIP Code

County/Region | Country

Continued on page 2 ➔

FOR AGENCY USE ONLY		
	ACCOUNT NUMBER	DLN
☐ New	START	TRANSACTION PRIVILEGE TAX
☐ Change	S/E DATE	WITHHOLDING / SSN / EIN
☐ Revise	COMPLETED DATE	EMPLOYEE'S NAME
☐ Reopen	LIABILITY	LIABILITY ESTABLISHED

CASHIER'S STAMP ONLY. DO NOT MARK IN THIS AREA.

ADOR 10196 (7/15)

Name (as shown on page 1)	FEIN or SSN (as shown on page 1)

SECTION B: Identification of Owners, Partners, Corporate Officers Members/Managing Members or Officials of this Employing Unit

If you need more space, attach Additional Owner, Partner, Corporate Officer(s) form available at www.azdor.gov. If the owner, partners, corporate officers or combination of partners or corporate officers, members and/or managing members own more than 50% of or control another business in Arizona, attach a list of the businesses, percentages owned and unemployment insurance account numbers or provide a Power of Attorney (Form 285) which must be filled out and signed by an authorized corporate officer.

Owner 1					
*Social Security No.	*Title	*Last Name	First Name	Middle Intl.	
*Street Address		*City	*State	* % Owned	
*ZIP Code	*County	*Phone Number (*with area code*)	*Country		

Owner 2					
*Social Security No.	*Title	*Last Name	First Name	Middle Intl.	
*Street Address		*City	*State	* % Owned	
*ZIP Code	*County	*Phone Number (*with area code*)	*Country		

Owner 3					
*Social Security No.	*Title	*Last Name	First Name	Middle Intl.	
*Street Address		*City	*State	* % Owned	
*ZIP Code	*County	*Phone Number (*with area code*)	*Country		

SECTION C: Transaction Privilege Tax (TPT)

1* Date Business Started in Arizona

2* Date Sales Began

3 What is your anticipated annual income for your first twelve months of business?

4 Filing Frequency ☐ Monthly ☐ Quarterly ☐ Seasonal ☐ Annual If seasonal filer, *check the months for which you intend to do business:*

☐ JAN ☐ FEB ☐ MAR ☐ APR ☐ MAY ☐ JUN ☐ JUL ☐ AUG ☐ SEP ☐ OCT ☐ NOV ☐ DEC

5 Does your business sell tobacco products?
☐ Yes ➔ ☐ Retailer OR ☐ Distributor

6 TPT Filing Method
☐ Cash Receipts
☐ Accrual

7 Does your business sell new motor vehicle tires or vehicles?
☐ Yes ➔ You will have to file Motor Vehicle Tire Fee form available at www.azdor.gov

8* Tax Records Physical Location – number and street (*Do not use PO Box, PMB or route numbers*) | City | State | ZIP Code

County | Country

9* Name of Contact | * Phone Number (*with area code*) | Extension

SECTION D: Transaction Privilege Tax (TPT) Physical Location

1* Business Name, "Doing Business As" or Trade Name at this Physical Location

2* Physical Location of Business or Commercial/Residential Rental Number and street (*Do not use PO Box, PMB or route numbers*) | City | State | ZIP Code

County/Region | Country

Residential Rental Only – Number of Units | Reporting City (*if different than the physical location city*)

3* Additional County/Region Indian Reservation: County/Region and Indian Reservation Codes available at www.azdor.gov

County/ Region					City				

Business Codes (Include all codes that apply): See instructions. Complete list available at www.azdor.gov

State/ County					City				

If you need more space, attach Additional Business Locations form available at www.azdor.gov

Name (as shown on page 1)	FEIN or SSN (as shown on page 1)

SECTION E: Withholding & Unemployment Tax Applicants

1* *Regarding THIS application*, Date Employees First Hired in Arizona	2 Are you liable for Federal Unemployment Tax? ☐ Yes ➔ First year of liability:
3 Are individuals performing services that are excluded from withholding or unemployment tax? ☐ Yes ➔ *Describe services:*	4 Do you have an IRS ruling that grants an exclusion from Federal Unemployment Tax? ☐ Yes ➔ *Attach a copy of the Ruling Letter.*

5 Do you have, or have you previously had, an Arizona unemployment tax number?
☐ No
☐ Yes ➔ Business Name: _____ Unemployment Tax Number: _____

	Hired Year	Hired Quarter	Paid Year	Paid Quarter
6 First calendar quarter Arizona employees were/will be hired and paid (indicate quarter as 1, 2, 3, 4):				

	Year	Quarter
7 When did/will you first pay a total of $1,500 or more gross wages in a calendar quarter? *(indicate quarter as 1, 2, 3, 4)* Exceptions: $20,000 gross cash wages Agricultural: $1,000 gross cash wages Domestic/Household: not applicable to 501(c)(3) Non-Profit.		
8 When did/will you first reach the 20th week of employing 1 or more individuals for some portion of a day in each of 20 different weeks in the same calendar year? *(indicate quarter as 1, 2, 3, 4)* Exceptions: 10 or more individuals Agricultural; 4 or more individuals 501(c)(3) Non-Profit; not applicable to Domestic/Household.		

SECTION F: Acquired Business Information

If you answered "Yes" to Section A, question 11, you must complete Section F.

1* Did you acquire or change all or part of an existing business? ☐ All ☐ Part	2* Date of Acquisition	3* EIN of Business Under Previous Owner
4* Previous Owner's Telephone Number	5* Name of Business Under Previous Owner	6* Name of Previous Owner
7* Did you change the legal form of all or part of the Arizona operations of your existing business? (e.g., change from sole proprietor to corporation or etc.) ☐ All ☐ Part	8* Date of Change	9* EIN of Previous Legal Form

SECTION G: AZTaxes.gov Security Administrator (authorized users)

By electing to register for www.AZTaxes.gov, you can have online access to account information, file and pay Arizona transaction privilege, use, and withholding taxes. You may also designate authorized users to access these services. Please provide the name of the authorized user for AZTaxes.gov.

Name of Authorized User
Title
Email Address
Phone Number (*with area code*)

SECTION H: Required Signatures

This application must be signed by either a sole owner, at least two partners, managing member or corporate officer legally responsible for the business, trustee or receiver or representative of an estate that has been listed in Section B.

Under penalty of perjury I (we), the applicant, declare that the information provided on this application is true and correct. I (we) hereby authorize the security administrator, if one is listed in Section G, to access the AZTaxes.gov site for the business identified in Section A. This authority is to remain in full force and effect until the Arizona Department of Revenue has received written termination notification from an authorized officer.

1 Print or Type Name	2 Print or Type Name
Title	Title
Date	Date
Signature	Signature

This application must be completed, signed, and returned as provided by A.R.S. § 23-722.

Equal Opportunity Employer/Program

This application available in alternative formats at Unemployment Insurance Tax Office.

PLEASE COMPLETE SECTION I: STATE/COUNTY & CITY LICENSE FEE WORKSHEET TO CALCULATE AND REMIT TOTAL AMOUNT DUE WITH THIS APPLICATION.

Name (as shown on page 1)	FEIN or SSN (as shown on page 1)

SECTION I: State/County & City License Fee Worksheet

ALL FEES ARE SUBJECT TO CHANGE. Check for updates at azdor.gov.

To calculate **CITY FEE:** Multiply **No. of Locations** by the **License Fee** and enter sum in **License Subtotal.**

City/Town	Code	No. of Loc's	License Fee	License Subtotal	City/Town	Code	No. of Loc's	License Fee	License Subtotal	City/Town	Code	No. of Loc's	License Fee	License Subtotal
Apache Junction	AJ		$50.00		Goodyear	GY		$5.00		Sahuarita	SA		$5.00	
Avondale	AV		$40.00		Guadalupe	GU		$2.00		San Luis	SU		$2.00	
Benson	BS		$5.00		Hayden	HY		$5.00		Scottsdale	SC		$50.00	
Bisbee	BB		$1.00		Holbrook	HB		$1.00		Sedona	SE		$2.00	
Buckeye	BE		$2.00		Huachuca City	HC		$2.00		Show Low	SL		$2.00	
Bullhead City	BH		$2.00		Jerome	JO		$2.00		Sierra Vista	SR		$1.00	
Camp Verde	CE		$2.00		Kearny	KN		$2.00		Snowflake	SN		$2.00	
Carefree	CA		$10.00		Kingman	KM		$2.00		Somerton	SO		$2.00	
Casa Grande	CG		$2.00		Lake Havasu	LH		$5.00		South Tucson	ST		$2.00	
Cave Creek	CK		$20.00		Litchfield Park	LP		$2.00		Springerville	SV		$5.00	
Chandler	CH		$50.00		Mammoth	MH		$2.00		St. Johns	SJ		$2.00	
Chino Valley	CV		$2.00		Marana	MA		$5.00		Star Valley	SY		$2.00	
Clarkdale	CD		$2.00		Maricopa	MP		$2.00		Superior	SI		$2.00	
Clifton	CF		$2.00		Mesa	ME		$30.00		Surprise	SP		$10.00	
Colorado City	CC		$2.00		Miami	MM		$2.00		Taylor	TL		$2.00	
Coolidge	CL		$2.00		Nogales	NO		$25.00		Tempe	TE		$50.00	
Cottonwood	CW		$2.00		Oro Valley	OR		$12.00		Thatcher	TC		$2.00	
Dewey/Humboldt	DH		$2.00		Page	PG		$2.00		Tolleson	TN		$2.00	
Douglas	DL		$5.00		Paradise Valley	PV		$2.00		Tombstone	TS		$1.00	
Duncan	DC		$2.00		Parker	PK		$2.00		Tucson	TU		$45.00	
Eagar	EG		$10.00		Patagonia	PA		$25.00		Tusayan	TY		$2.00	
El Mirage	EM		$15.00		Payson	PS		$2.00		Wellton	WT		$2.00	
Eloy	EL		$10.00		Peoria	PE		$50.00		Wickenburg	WB		$2.00	
Flagstaff	FS		$46.00		Phoenix	PX		$50.00		Willcox	WC		$25.00	
Florence	FL		$2.00		Pima	PM		$2.00		Williams	WL		$2.00	
Fountain Hills	FH		$2.00		Pinetop/Lakeside	PP		$2.00		Winkelman	WM		$2.00	
Fredonia	FD		$10.00		Prescott	PR		$25.00		Winslow	WS		$10.00	
Gila Bend	GI		$2.00		Prescott Valley	PL		$2.00		Youngtown	YT		$10.00	
Gilbert	GB		$2.00		Quartzsite	QZ		$2.00		Yuma	YM		$2.00	
Glendale	GE		50.00		Queen Creek	QC		$2.00						
Globe	GL		$2.00		Safford	SF		$2.00						

Subtotal City License Fees (column 1)	$	Subtotal City License Fees (column 2)	$	Subtotal City License Fees (column 3)	$

AA TOTAL City License Fee(s) (column 1 + 2 + 3) ..... $

	No. of Loc's	Fee per Location	TOTAL
BB TOTAL State License Fee(s): Calculate by multiplying number of business locations by $12.00		**$12.00**	$

Residential Rental License Fees - Multiply the number of units per locations by $2.00 ($50.00 Annual Cap per license).	No. of Units	No. of Loc's	City Fee
Residential Rental License-Chandler			$
Residential Rental License-Phoenix			$
Residential Rental License-Scottsdale			$

ONLY CHANDLER, PHOENIX, and SCOTTSDALE need to use this section, and NOT the fee chart above, to calculate license fee(s). The amount for each city CANNOT EXCEED $50.00

CC TOTAL City Residential Rental License Fees (Add Chandler, Phoenix, & Scottsdale) ..... $

DD TOTAL DUE (Add lines AA + BB + CC) ..... $

- Make check payable to Arizona Department of Revenue.
- Include FEIN or SSN on payment.
- Do not send cash.
- License will not be issued without full payment of fee.

TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX RETURN - (TPT-2)

Arizona Department of Revenue
PO Box 29010 - Phoenix, AZ 85038-9010
For assistance out of state or in the Phoenix area: (602) 255-2060 or
Statewide, toll free area codes 520 and 928: (800) 843-7196

TPT-2 return is due the 20th day of the month following the month in which the transactions were conducted

TAXPAYER IDENTIFICATION NUMBER ☐ SSN ☐ EIN	
LICENSE NUMBER	
PERIOD BEGINNING	PERIOD ENDING
REVENUE USE ONLY. DO NOT MARK IN THIS AREA	
POSTMARK DATE	RECEIVED DATE

TAXPAYER INFORMATION

☐ AMENDED RETURN ☐ FINAL RETURN (Cancel License) ☐ CHECK HERE AND SIGN BELOW IF YOU HAVE NO GROSS RECEIPTS TO REPORT

BUSINESS NAME		
C/O		
MAILING ADDRESS		
CITY	STATE	ZIP CODE
☐ ADDRESS CHANGED (MAILING ADDRESS ONLY)	BUSINESS PHONE NUMBER	

AA	NET AZ/COUNTY TAX (PAGE 2, LINE MM, COLUMN (M))	
BB	NET CITY TAX (PAGE 3, LINE RR, COLUMN (M))	
CC	NET TAX DUE ON THIS RETURN (LINE AA + LINE BB = LINE CC)	
DD	TPT ESTIMATED PAYMENTS TO BE USED ON THIS RETURN (JUNE RETURN ONLY, DUE IN JULY)	
EE	TAX DUE NET OF TPT ESTIMATED PAYMENTS (LINE CC - LINE DD = LINE EE)	
FF	TOTAL AMOUNT REMITTED WITH THIS RETURN	$

NOTE: A TRANSACTION DETAIL PAGE IS REQUIRED OR THE RETURN WILL NOT PROCESS CORRECTLY AND PENALTIES MAY APPLY.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

☐ The taxpayer designates the individual listed below as the person to contact to schedule an audit of this return and authorize the disclosure of confidential information to this individual.

TAXPAYER PRINTED NAME

TAXPAYER SIGNATURE DATE

PAID PREPARER'S SIGNATURE (OTHER THAN TAXPAYER)

TAXPAYER PHONE NO. TITLE

PAID PREPARER'S TIN PAID PREPARER'S PHONE NO.

PLEASE MAKE CHECK PAYABLE TO ARIZONA DEPARTMENT OF REVENUE

TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX RETURN - (TPT-2)

LICENSE NUMBER: _____

STATE (AZ) /COUNTY TRANSACTION DETAIL (See Table 1 on the Tax Rate Table, www.azdor.gov)

	(A)	(B) REG. CODE	(C) NAME OF REGION	(D) BUS. CODE	(E) DESC. OF BUS. ACTIVITY	(F) GROSS RECEIPTS	(G) DEDUCTIONS FROM SCHEDULE A	(H) (F) - (G) = (H) NET TAXABLE	(I) AZ / COUNTY TAX RATE	(J) (H) X (I) = (J) TOTAL TAX	(K) ACCTNG CREDIT RATE	(L) (H) X (K) = (L) ACCOUNTING CREDIT	(M) (J) - (L) = (M) AZ/COUNTY TAX DUE
1													
2													
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18													
19													
20													
21													
22													
23													
24													
25													
GG SUBTOTAL													
HH TOTALS FROM ADDITIONAL AZ/COUNTY PAGE(S)													
II TOTAL (LINE GG + LINE HH = LINE II)													

JJ EXCESS TAX COLLECTED	
KK EXCESS TAX ACCOUNTING CREDIT: (SEE INSTRUCTIONS)	
LL NET AZ/COUNTY EXCESS TAX COLLECTED (LINE JJ, COLUMN (M) - LINE KK, COLUMN (M))	
MM NET AZ/COUNTY TAX (LINE II, COLUMN (M) + LINE LL, COLUMN (M))	

TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX RETURN - (TPT-2)

LICENSE NUMBER: _____

CITY TRANSACTION DETAIL (See Table 2 on the Tax Rate Table, www.azdor.gov)

	(A) LOC. CODE	(B) CITY CODE	(C) NAME OF CITY	(D) BUS. CODE	(E) DESC. OF BUS. ACTIVITY	(F) GROSS RECEIPTS	(G) DEDUCTIONS FROM SCHEDULE A	(H) (F) - (G) = (H) NET TAXABLE	(I) CITY TAX RATE	(J) (H) X (I) = (J) TOTAL TAX	(K)	(L) CITY CREDIT	(M) (J) - (L) = (M) CITY TAX DUE
1													
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22													
23													
24													
25													
NN CITY SUBTOTAL													
OO CITY SUBTOTALS FROM ADDITIONAL CITY PAGE(S)													
PP CITY TOTAL (LINE NN + LINE OO = LINE PP)													
QQ CITY EXCESS TAX COLLECTED													
RR NET CITY TAX (LINE PP, COLUMN (M) + LINE QQ, COLUMN (M))													

TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX RETURN - (TPT-2)

ADDITIONAL TRANSACTIONS

LICENSE NUMBER: _____

STATE (AZ) /COUNTY TRANSACTION DETAIL (See Table 1 on the Tax Rate Table, www.azdor.gov)

	(A)	(B) REG. CODE	(C) NAME OF REGION	(D) BUS. CODE	(E) DESC. OF BUS. ACTIVITY	(F) GROSS RECEIPTS	(G) DEDUCTIONS FROM SCHEDULE A	(H) (F) - (G) = (H) NET TAXABLE	(I) AZ / COUNTY TAX RATE	(J) (H) X (I) = (J) TOTAL TAX	(K) ACCTNG CREDIT RATE	(L) (H) X (K) = (L) ACCOUNTING CREDIT	(M) (J) - (L) = (M) AZ/COUNTY TAX DUE
1													
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18													
19													
20													
21													
22													
23													
24													
25													
AZ/COUNTY SUBTOTAL						$	$					$	$

ADD SUBTOTALS OF AZ/COUNTY ADDITIONAL TRANSACTIONS TO THE 2ND PAGE OF RETURN

TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX RETURN - (TPT-2)

ADDITIONAL TRANSACTIONS

LICENSE NUMBER: _____

CITY TRANSACTION DETAIL (See Table 2 on the Tax Rate Table, www.azdor.gov)

	(A) LOC. CODE	(B) CITY CODE	(C) NAME OF CITY	(D) BUS. CODE	(E) DESC. OF BUS. ACTIVITY	(F) GROSS RECEIPTS	(G) DEDUCTIONS FROM SCHEDULE A	(H) (F) - (G) = (H) NET TAXABLE	(I) CITY TAX RATE	(J) (H) X (I) = (J) TOTAL TAX	(K)	(L) CITY CREDIT	(M) (J) - (L) = (M) CITY TAX DUE
1													
2													
3													
4													
5													
6													
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18													
19													
20													
21													
22													
23													
24													
25													
CITY SUBTOTAL						$	$					$	$

ADD SUBTOTALS OF CITY ADDITIONAL TRANSACTIONS TO THE 3RD PAGE OF RETURN

TPT-2 – SCHEDULE A DEDUCTIONS – STATE/COUNTY
TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX

LICENSE NUMBER: _____

STATE (AZ) /COUNTY DEDUCTIONS DETAIL

	(A)	(B) REGION CODE	(C) BUSINESS CODE	(D) DEDUCTION CODE	(E) DEDUCTION AMOUNT	(F) DESCRIPTION OF DEDUCTION CODE
1					$	
2					$	
3					$	
4					$	
5					$	
6					$	
7					$	
8					$	
9					$	
10					$	
11					$	
12					$	
13					$	
14					$	
15					$	
16					$	
17					$	
18					$	
19					$	
20					$	
21					$	
22					$	
23					$	
24					$	
25					$	
26					$	
27					$	
28					$	
29					$	
30					$	
31					$	
32					$	
33					$	
34					$	
35					$	

AA	SUBTOTAL OF DEDUCTIONS.....	$
BB	DEDUCTION TOTALS FROM ADDITIONAL AZ/COUNTY PAGE(S) ...	$
CC	TOTAL DEDUCTIONS (LINE AA + LINE BB = LINE CC).....	$

TOTAL MUST EQUAL TOTAL ON PAGE 2, LINE II, COLUMN G

TPT-2 – SCHEDULE A DEDUCTIONS – CITY
TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX

LICENSE NUMBER: _____

CITY DEDUCTIONS DETAIL

	(A) LOCATION CODE	(B) CITY CODE	(C) BUSINESS CODE	(D) DEDUCTION CODE	(E) DEDUCTION AMOUNT	(F) DESCRIPTION OF DEDUCTION CODE
1					$	
2					$	
3					$	
4					$	
5					$	
6					$	
7					$	
8					$	
9					$	
10					$	
11					$	
12					$	
13					$	
14					$	
15					$	
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18					$	
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20					$	
21					$	
22					$	
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25					$	
26					$	
27					$	
28					$	
29					$	
30					$	
31					$	
32					$	
33					$	
34					$	
35					$	

AA	SUBTOTAL OF DEDUCTIONS.....	$
BB	DEDUCTION TOTALS FROM ADDITIONAL CITY PAGE(S).....	$
CC	TOTAL DEDUCTIONS (LINE AA + LINE BB = LINE CC).....	$

TOTAL MUST EQUAL TOTAL ON PAGE 3, LINE PP, COLUMN G