

DISTINGUISHING THE SALE OF FOOD FROM BAR AND RESTAURANT ACTIVITY

The bar and restaurant tax rate of 1.8% applies to sales by a retailer when food or beverages are served in trays, cups, glasses, or other open containers or when food is purchased hot or prepared, like sandwiches. The restaurant rate also applies to food sales by caterers and other mobile vendors. Businesses that offer both retail and restaurant-type sales must segregate these transactions; otherwise the higher tax rate will apply to all sales.

NOTE: This brochure is meant to be a guideline only. For complete details, refer to the City of Chandler Tax Code and related regulations. In case of inconsistency or omission in this publication, the language of the tax code shall prevail. You may request a copy of the Chandler Tax Code by calling or writing to the address on the front of this brochure; or you can obtain a practitioner's copy of the Model City Tax Code from the League of Arizona Cities and Towns, which includes the code options for all cities in Arizona.

Every effort is made to provide adequate and accurate information. However, the City of Chandler is not bound by any oral advice given by its employees. For your protection, we recommend that you request tax code interpretations in writing to have documentation for your records. (City of Chandler Code Section 62-541(b) Taxpayer Bill of Rights).

The taxable activities for Chandler may differ from the State and other Arizona cities. You are urged to contact each jurisdiction individually.

Oct-10 supercedes all previous brochures.

City of Chandler Tax & License Division

PRIVILEGE TAX GUIDELINES

RETAIL



Chandler • Arizona
Where Values Make The Difference

Mailing Address:

Mail Stop 701
P.O. Box 4008
Chandler, Arizona 85244-4008

Location:

175 S. Arizona Ave, Ste A
Chandler, Arizona 85225

Phone (480) 782-2280
Fax (480) 782-2343
or (480) 782-2295
TDD (800) 367-8939

E-mail: salestax@chandleraz.gov
Website: www.chandleraz.gov/tax

Retail sales are sales of tangible personal property to the final consumer or user.

A sale is taxable based upon the location of the seller and not the purchaser.

It is the taxpayer's responsibility to indicate that a sale is not taxable by using the allowable deductions listed on the back of the tax return (otherwise all sales are considered taxable). The taxpayer must maintain records to support any reported deductions.

TAX RATE

Retail activity: 1.5%

LIABILITY

The seller is personally liable for payment of the tax to the City whether he absorbs it or charges it separately to the purchaser.

EXCESS TAX

If a retailer collects more tax than is due, he must remit the City's portion of the excess.

DUE DATE

Reports are due by the 20th of the month following a reporting period and are delinquent if not **received** in our office by the last business day of the month (without regard to post-mark). *The return must be filed even when no income has been received.*

TAXABLE SALES INCLUDE

1. Sales to schools, churches, non-profit organizations, private clubs, and political subdivisions.
2. Sales to service businesses.
3. Food for home consumption (see Tax Code for definition), including all vending machine sales.
4. Sales to Indians off the reservation, Armed Forces personnel, etc.
5. Sales to winter visitors, even though the item may later be removed from the state.
6. Sales of supplies to doctors, dentists, and veterinarians.

DEDUCTIONS

Deductions from income must be properly segregated in all accounting documents. Daily records must be preserved. In the absence of documentation, taxes will be assessed on gross receipts.

Common allowable deductions are:

1. Sales for resale to properly licensed businesses.
2. Repair or service labor charged in conjunction with a retail sale (not manufacturing labor).
3. Discounts and refunds on taxable sales.
4. Bad debts on which tax was paid.
5. State and city sales tax collected or factored.
6. Gasoline sales on which highway users tax has been paid.
7. Prescription drugs, eyeglasses, and prosthetic devices.
8. Sales to qualifying charitable healthcare organizations.
9. 50% of sales to the U.S. Government.

10. Sales in interstate commerce – all must occur:
 - a. Order is received from a customer by mail, telephone, or similar means from outside of Arizona.
 - b. Merchandise must be shipped or delivered to the customer outside of Arizona for use outside the state.
11. Warranty, maintenance and service contracts. However, the seller must pay use tax on parts used to satisfy the conditions of the contract.
12. Sales of income producing capital equipment (see Tax Code for definition) to manufacturers and processors of articles for commerce. This definition does not include furniture, hand tools, office equipment, janitorial supplies, etc.
13. Sales of tangible personal property used in remediation contracting.
14. Sales of food and beverages to public education entities to be served during school hours.
15. Food purchased with food stamps.

Allowable deduction codes with descriptions are listed on the back of the tax return.

In order for deductions to be fully allowed, both Schedule A on the back of the tax return form and Column 2 on the front of the form must be completed.