

Sample Construction Contracting Calculations for Jobsites in the City of Chandler

Presumption 1: The Contractor did NOT own the land.

Presumption 2: No tax amount was separately stated in the contract.

If Transaction Privilege Taxes were separately stated in the contract or on the invoice(s), you must pay the amount that was separately stated, or the amount from this worksheet, **WHICHEVER IS GREATER**.
The combined tax rate in Chandler is 7.8 % on the Prime Contractor and Chandler does not allow a deduction for Land. A Subcontractor is **ONLY** exempt if they have an AZ 5005, Prime Contractor's Certificate, signed by the Prime Contractor. **ONLY** Subcontractors can use Deduction Code 71 to deduct all income RECEIVED as a subcontractor.

Ref.	Description of Calculations	Sample Calculations	Your Calculations	Chandler Tax Return Information
A.	Gross Receipts	\$10,000.00		Gross Receipts
B.	State, County, & <u>Chandler</u> City Tax Factor	x 0.04825355	x 0.04825355	{Based on a 7.8% combined rate}
C.	Factored Sales Tax = A x B	482.54		Ded. Code 64, Tax Factored
D.	Gross Receipts minus Tax = A - C	9,517.46		
E.	35% Standard Contracting Factor	x 35%	x 35%	
F.	Standard Contracting Deduction = D x E	3,331.11		Ded. Code 70, 35% Standard Contracting Deduction
G.	Taxable Measure = D - F	6,186.35		
H.	State & County Tax (6.3%) = G x .063	389.74		{Tax Payable to ADOR}
I.	Chandler City Tax (1.5%) = G x .015	92.80		Tax Payable to Chandler
J.	Total Taxes = H + I	482.54		{MUST = C +/- .04}

Note that this worksheet does not consider the exemption for development fees paid by the contractor. The exemption is strictly limited to Chandler's System Development Fees specifically included in the construction contract AND paid to the City by the contractor. Furthermore, we do not allow an exemption for fees that the City has refunded or may refund to the contractor for any reason (i.e., in conjunction with arterial street improvements). If a contractor has a question about how to claim the exemption or which fees are exempt, please contact the City's Tax Audit section at (480) 782-2308.

For additional information regarding the calculation and reporting of State and County taxes, including tax rates, factors, and land deduction status for cities in the State collection program, please contact the Arizona Department of Revenue at (602) 255-2060 or (800) 843-7196.

If you need assistance with this worksheet, or have any tax questions, please feel free to contact a Chandler tax representative at (480) 782-2308.