

# CITY OF CHANDLER

## INSTRUCTIONS FOR COMPLETING A TAX RETURN

The Chandler Transaction Privilege (Sales) and Use Tax Return form is designed to be imaged on our computers, enabling us to process your tax return faster and with fewer errors. This form contains corner markings and numbers that are required to scan the form properly. In order for our system to work at its best and insure the most efficient processing, please use the following guidelines to prepare your return.

→ DO use blue or black ink.

→ DO print only one number in each box and stay within the lines of each box. If a line or a box does not apply to you, leave it blank. For example, enter \$17,360.00 like this:

, 17, 360. 00

→ DO NOT use dollar signs, lines, slashes or other symbols in the boxes or in writing numbers. For example, **do not** enter your numbers like this:

, \$17,360.--

→ DO NOT staple, paper clip, tape or use other fastening device on documents sent to us.

→ DO NOT mail a photocopy - keep it for your records.

→ DO mail the **original** return and necessary enclosures to the City of Chandler.

### INSTRUCTIONS FOR FRONT OF RETURN

① **License Number** is preprinted and identifies the account where the return is to be applied. When completing a blank form, provide the number assigned by the City. If using a preprinted form from the City, verify the number is correct to insure the return is applied to the proper account.

**Period Covered** indicates the last month of a reporting period. If you are a monthly filer, it reflects that month. If you are a quarterly filer, it reflects the three-month period ending with the month shown, i.e., "Mar. 2005" would be for the period January through March 2005.

**Delinquent If Not Received By** reflects date the return must be received by the City in or to be considered timely. Please remember that postmarks are not evidence of timely filing. Mail your return well in advance of this date to avoid late penalties and interest charges.

② **Check Box** should be marked if the mailing address has changed; please make the corrections on the preprinted form. Please note that a change of Chandler business location requires a new license.

③ **Bar Coding** is specific to the taxpayer and reporting period; therefore do not submit a photocopy.

**Special Notice** section provides information on City holidays, rate changes, and other information to provide assistance in filing taxes correctly and timely.

④ **Zero Activity Return** check box is to simplify reports of zero activity. Please mark this box if there is no income or use taxable activity during the period identified. Remember a return must be submitted, even when no tax is due.

# CITY OF CHANDLER

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5 **Business Activity** identifies the type of business and is preprinted. Please refer to Appendix A when completing a blank form, or when adding or correcting a business activity.

**Business Class Code** identifies the numeric classification of the business description and is preprinted. Please refer to Appendix A when completing a blank form, or when adding or correcting a business activity.

6 **Gross (Column 1):** Enter the gross income (or total purchases subject to use tax), including tax collected, for each applicable business class. If reporting on the cash basis, enter the total amount received in the reporting period. If reporting on the accrual basis, enter the total amount billed to customers in the reporting period. (Amounts presented are for example purposes only.)

If filing on a quarterly basis, combine the gross income for the three months and enter the sum for each business class code. Do not separately list the income for each month of the quarter.

7 **Deductions (Column 2):** Enter the Total Deductions from Schedule A on the back of the return for each applicable business class. Refer to steps 17-20. Deductions listed in column 2 that are NOT itemized on the back of the return will be DISALLOWED. (Amounts presented are for example purposes only.)

8 **Net Taxable (Column 3):** Subtract total deductions in Column 2 from gross in Column 1 for each business class.

**Tax Rate (Column 4):** The tax rate for each business class is preprinted. Please refer to Appendix A when completing a blank form, or when adding or correcting a business activity for the appropriate tax rate.

9 **Tax Amount (Column 5):** Multiply column 3 by column 4 for each business class code.

10 **Line 5.** If the return consists of more than one page, enter the total for each column from the additional pages on line 5 of the signature page.

**Subtotals (Line 6).** Add lines 1 through 6 in all columns and enter the result in each column on line 6.

11 **Excess Tax (Line 7):** Enter the total City portion of the excess tax collected on line 7 from Schedule C on the reverse of the form in column 5.

**Line 8:** Enter the amount on lines 6 and 7 in column 5.

12 **Penalty & Interest (Line 9).** If the return is received by the City after the last City business day of the month, a 10% late payment penalty and late filing penalty of 5% per month are assessed on late or unpaid taxes. The maximum total of these penalties on a filed return is 25% of the tax due. Interest accrues on the unpaid taxes at the rate that is in effect for the Arizona Department of Revenue. Leave this line blank if you want the City to compute the penalty and interest.

**Line 10:** Add the amount on lines 8 and 9 in column 5.

# CITY OF CHANDLER

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13 **Credit Balance (Line 11):** This line provides for a reduction of the tax liability for City authorized credits from Schedule B on the reverse side of the return.

**Amount Due (Line 12):** Subtract the amount on line 11 from the amount on line 10.

14 **Amount Paid (Line 13):** Enter the amount of the check included with the return. Make the check payable to: City of Chandler, and include your license number. Do not staple the check to the return.

15 **Sign and date your return.** Remember to include the printed name and phone number.

### INSTRUCTIONS FOR BACK OF RETURN

16 Please enter the Chandler License Number and the Report Period on these lines if you are not using a preprinted form.

17 **Schedule A. Deduction Detail: If deductions are taken, the detail must be provided on this schedule or they will not be allowed, and a tax deficiency notice will be issued.**

To the left of the Business Class Code columns are a Deduction Description column and the corresponding Deduction Codes (Ded. Code). Due to space limitations only the most common deductions are listed. Please use the blank lines "Other (explain) \_\_\_\_\_" to list additional valid deductions for the business activity being reported. Please refer to Appendix A for guidance and the Chandler Tax Code in the determination of valid deductions. Failure to provide an explanation of an "Other" deduction can also cause the issuance tax deficiency notice.

18 The three columns correspond to the lines 2 to 4 on the front of the return for the Business Description and Business Class Code (see step 5). Enter the numeric Business Class Code in the spaces provided if you are not using a preprinted form.

19 Enter the amount of each deduction on the appropriate deduction line for each preprinted business class.

20 **Total Deductions:** Add the deduction amounts in each column and enter the sum on this line. Transfer the total of each column to the front of the return on the corresponding lines in Column 2.

21 **Schedule B. Credit Details.** On Line 1, enter the amount to be applied to the tax due and attach your Account Statement to the return. Do not exceed the total tax due. If you are a Speculative Builder, use Line 2 to report available tax credits as defined by the Tax Code. Place the sum of both lines in the box and carry it forward to Line 11 on the front.

# CITY OF CHANDLER

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**22** **Schedule C. Excess Tax Collected.** If you collect more tax than is owed, you must report the excess here. Excess tax should be allocated according to the Business Class Code. You cannot apply an over-collection of tax from one business activity to an under-collection of taxes in another. Enter the sum of all columns in the box and carry it forward to Line 7 on the front of the return.

<b>Appendix A</b>					
<b>Chandler Business Class and Deduction Codes</b>					
Business Class Code			Deduction Codes Allowed for Class	Deductions	
Class	Rate	Activity Description		Code	Description
<b>1</b>	1.50%	Transportation	52, 64, 81	<b>52</b>	Discounts & Refunds
<b>4</b>	2.75%	Utilities	52, 54, 64, 65, 81	<b>54</b>	Sales for Resale
<b>5</b>	2.75%	Telecommunications	52, 54, 64, 66, 81	<b>55</b>	Out-of-State Sales
<b>9</b>	1.50%	Publishing	52, 54, 55, 64, 65, 69, 81	<b>56</b>	50% Retail Sales to US Gov't.
<b>10</b>	1.50%	Printing	52, 54, 55, 64, 65, 74, 81	<b>57</b>	100% Mfg. Sales to US Gov't.
<b>11</b>	1.80%	Restaurants and Bars	52, 54, 64, 74, 75, 81	<b>58</b>	Prescriptions / Prosthetics
<b>12</b>	1.50%	Amusements	52, 64, 81	<b>59</b>	Gasoline & Use Fuel
<b>13</b>	1.50%	Real Property Rentals	52, 54, 64, 75, 81	<b>62</b>	Out-of-City Contracting
<b>14</b>	1.50%	Personal Property Rentals	52, 54, 58, 63, 64, 65, 73, 74, 75, 81, 83	<b>63</b>	Retail Service Labor
				<b>64</b>	Sales Tax Collected / Factored
<b>15</b>	1.50%	Construction Contracting	52, 62, 64, 70, 71, 75, 81	<b>65</b>	Qualifying Healthcare Sales
<b>16</b>	1.50%	Manufactured Buildings	52, 64, 75, 81	<b>66</b>	Interstate Telecommunications
<b>17</b>	1.50%	Retail Sales	52, 54, 55, 56, 57, 58, 59, 63, 64, 65, 73, 74, 75, 79, 81, 82, 83	<b>69</b>	National Advertising
				<b>70</b>	35% Standard Contracting
<b>18</b>	1.50%	Advertising	52, 64, 69, 81	<b>71</b>	Exempt Subcontracting
<b>25</b>	4.40%	Hotel/Motel < 31 Days	52, 64, 75, 81	<b>73</b>	Exempt Capital Equipment
<b>26</b>	1.50%	Hotel/Motel > 30 Days	52, 64, 75, 81	<b>74</b>	Freight Out / Delivery
<b>40</b>	\$0.023	Jet Fuel Sales (Per Gallon)	52, 54, 56, 64, 65, 74, 75, 81	<b>75</b>	Other Allowed (Must Describe)
				<b>79</b>	Food Stamp / WIC Purchases
				<b>81</b>	Bad Debts
<b>49</b>	\$0.023	Jet Fuel - Use Tax (Per Gal.)	<b>None</b>	<b>82</b>	Trade-In Allowances
<b>99</b>	1.50%	Use Tax	(Report Taxable Purchases Only)	<b>83</b>	Mining Supplies

Appendix A is provided to assist in the completion of the Chandler Transaction Privilege Tax Return. It is important that all deductions from gross income are listed on the back of the reporting form, with the total taken forward to the front of the form for the calculation of tax due.

Should you have any questions or need assistance in completing the reporting form, please contact our office at (480) 782-2280.