

Sample Construction Contracting Calculations for Jobsites in the City of Chandler

Presumption 1: The Prime Contractor or Owner-Builder owned 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.

TAX RATES AND CALCULATION FACTOR

A.	State of Arizona & Maricopa County Combined Tax Rates	6.30%	Note that the Contractor's Tax Factor shown on Line D ONLY applies when the City tax rate is 1.5%. For factors that apply to Contractors based on tax rates in other cities, please contact the Arizona Department of Revenue.
B.	City of Chandler Contracting Tax Rate	1.50%	
C.	Combined Tax Rate	7.80%	
D.	Combined Contractor's Tax Factor	0.04825355	

Ref.	Item	Source or Calculation	Sample Figures	Your Figures	Chandler Tax Return Information
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CONTRACT AND LAND VALUE

E.	Gross Receipts	Total Contract or Cash Receipts	\$200,000.00		Gross Receipts
F.	Land Fair Market Value	20% of E or Land Appraisal	40,000.00		<i>Use for the State tax return only</i>

CALCULATIONS OF LAND DEDUCTION DIFFERENCE

G.	City Tax on Land	F times B times 65%	390.00		<i>Use for the State tax return only</i>
H.	35% Std. Deduction on Land	F times 35%	14,000.00		

CALCULATIONS OF COMMON AMOUNTS

I.	Common Base	E minus F minus G	159,610.00		
J.	Factored Tax on Common Base	I times D	7,701.75		<i>Use for the State tax return only</i>
K.	Basis for Standard Deduction	I minus J	151,908.25		
L.	Std. Deduction on Common Base	K times 35%	53,167.89		<i>Use for the State tax return only</i>

FIGURES FOR THE STATE RETURN

M.	Total Class 15 Deductions	Sum of lines F, G, J, and L	101,259.64		<i>Use for the State tax return only</i>
N.	Taxable Class 15 Amount	E minus M	98,740.36		<i>Use for the State tax return only</i>
O.	State & County Tax Due	N times A	6,220.64		<i>Use for the State tax return only</i>

FIGURES FOR THE CITY OF CHANDLER RETURN

P.	Factored Tax Deduction	G plus J	8,091.75		Chandler Ded. Code 64, Tax Factored
Q.	35% Standard Deduction	H plus L	67,167.89		Chandler Ded. Code 70, 35% Std. Cont.
R.	Taxable Amount for City Return	E minus P minus Q	124,740.36		
S.	City of Chandler Tax Due	R times B	1,871.11		Tax Payable to Chandler

CONFIRMATION OF ACCURATE CALCULATIONS

T.	Factored Tax	G plus J	8,091.75		If the amounts on Line T and Line U differ by more than .04, the calculations may be incorrect.
U.	Total of all Taxes Due	O plus S	8,091.75		

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