4. Individually metered utility charges assessed tenants as a "pass-through" charge.
5. Leases for re-lease.

Additional Tax on Transient Lodging

In addition to the taxes levied as provided in Section 444 [Hotels], there is hereby levied and shall be collected **an additional tax** in an amount equal to two and nine-tenths percent (2.9%) of the gross income from the business activity of any hotel engaging or continuing within the City in the business of charging for lodging and/or lodging space furnished to any transient. "Transient" means any person who, for any period of not more than thirty (30) consecutive days, either at his own expense or at the expense of another, obtains lodging or the use of any lodging space in any hotel for which a charge is made on lodging or use of lodging space.

Guidelines for Real Property Management Companies

Broker

Any person engaged or continuing in business who acts for another for a consideration in the conduct of a taxable business activity, and who receives for his principal all or part of the gross income from the taxable activity.

Licenses

Each property owner and property address must be individually licensed. Any change in ownership requires a new license. Unless requested, property addresses are not cross-referenced for existing licenses. License and application fees are not refundable. The application fee is $15.00. License fees are $2.00 per unit per year, up to a maximum of $25.00 per location. License fees for properties that have been rentals, but not licensed, are subject to a late licensing fee of 50% per year. (The license and late licensing fees are retroactive to 1990.)

Application, license, late fees and back taxes (if any) must accompany the license application to assure prompt processing.

License Information

Licenses will not be issued without the complete property address; number of units (if residential); the owner's name, address, and social security number; and the date on which the property became a rental.

Contract Terminations

When a management contract has been terminated, the property manager should take one of the following actions:

a. If the property continues to be a rental, notify the City that the tax responsibility has reverted back to the property owner and provide the current mailing address; or
b. If the property has been sold, notify the City to cancel the license and provide the date of the sale. Please provide the new owner's name, address and phone number (if available).

The property owner's license should not be cancelled by the management company unless the property has been sold or is a single residential dwelling that has been reoccupied by the owner.

Consolidated Reporting

A property manager may request consolidated reporting by completing a separate application in their name. This application must be accompanied by both the $15.00 application fee and a $25.00 license fee. The license fee is subject to annual renewal and must be maintained to file consolidated returns.

All license numbers to be included with the consolidated return must be individually identified when application is made. A list of the properties for which tax is being reported is required to accompany each consolidated tax return.

New properties must be individually licensed (instructions provided under licensing) and deletions should be handled in accordance with the instructions listed under "Contract Terminations."

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 brochure, the language of the Tax Code will prevail. You can 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. The taxable activities for Chandler may differ from the state and other Arizona cities. **You are urged to contact each jurisdiction individually.**

July/03 supercedes all previous brochures

City of Chandler License & Sales Tax

Guidelines for Rentals

- Tangible Personal Property
- Real Property
- Property Management

Chandler • Arizona
Where Values Make The Difference

Mailing Address:
Mail Stop 701
PO Box 4008
Chandler, Arizona 85244-4008

Location:
Suite 105
55 North Arizona Place
Chandler, Arizona

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

Tangible Personal Property Rentals

Defined
The renting, leasing, or licensing for use of tangible personal property. Tangible personal property includes (but is not limited to): equipment, machinery, household appliances, video tapes, uniforms, film, automobiles, limousines, and airplanes.

Income from autos leased from a dealer located in another Arizona city or town with an equivalent tax should be reported to that city or town.

Tax Rate
1.5% of gross business income less allowable deductions.

Liability
The lessor is personally liable for payment of the tax to the City whether it is absorbed or passed on to the lessee.

Excess Tax
If more tax is collected than due, this additional amount must be reported as excess tax.

Due Date
Tax 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 such month (without regard to postmark). ***The return must be filed even when no income has been received.***

Reporting Periods
Taxable income less than $5,000 per year may be reported annually; taxable income greater than $5,000 but less than $50,000 per year may be reported quarterly, and all income greater than $50,000 per year must be reported monthly.

Taxable Sales Include
1. All customary income sources
   a. Non-refundable deposits
   b. Personal property tax paid by lessee
   c. Membership fees
2. Rentals to churches, non-profit organizations, and all governmental agencies.
3. All charges for renting personal property, (i.e., insurance, gas, maintenance and operator's wages).
4. Coin-operated car washes and laundromats.
5. Short-term leases from a Chandler vendor.
6. Long-term leases for equipment placed in Chandler.

Deductions
Deductions must be properly segregated in all documents and accounting records. Daily records must be preserved. In absence of documentation, taxes will be assessed on gross receipts.
1. Discounts and refunds.
2. Bad debts on which tax was paid.
3. State and City sales tax collected or factored.
4. Qualified charitable, non-profit hospitals.
5. Leases of tangible personal property permanently installed within another city.
6. Charges for delivery, installation, or repairs not part of a maintenance or service contract. Repairs are taxed as a retail activity.

Real Property Rentals

Defined
The renting, leasing, or licensing for use of real property located within the City to the tenant in actual possession. All real property rentals are subject to tax regardless of the number of rental units owned. A separate license is required for each location.

Tax Rate
1.5% of gross rental income, plus possible additional tax on transient lodging (see details in next column).

Liability
The lessor is personally liable for payment of the tax to the City whether it is absorbed or passed on to the lessee.

Excess Tax
If more tax is collected than due, the additional amount must be reported as excess tax.

Due Date
Tax 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 such month (without regard to postmark date). ***The return must be filed even when no income has been received.***

Reporting Periods
Taxable income less than $5,000 per year may be reported annually; taxable income greater than $5,000 but less than $50,000 per year may be reported quarterly, and all income greater than $50,000 per year must be reported monthly.

Taxable Income Includes
1. All customary income sources:
   a. Charges for utilities, unless separately metered and "pass through" only
   b. Maid and laundry services
   c. Reimbursements (damages, keys, etc.) received from the tenants
   d. Non-refundable deposits
   e. Property tax paid by tenants
   f. Common area fees
2. Rentals to churches, non-profit organizations, and all governmental agencies.
3. Lodging space offered in exchange for services. However, apartment owners are allowed one unit for manager or maintenance employees for each 50 units.
4. Income received for allowing vending machines on your premises.
5. Rentals to a corporation that you own or rentals to parent and subsidiary corporations.

Deductions
Deductions must be properly segregated in all documents and accounting records. Daily records must be preserved. In absence of documentation, taxes will be assessed on gross receipts.
1. Discounts and refunds.
2. Bad debts on which tax was paid.
3. State and City sales tax collected or factored. Only City taxes are allowed for residential rentals.