

Retail Sales

CITY OF GLENDALE PRIVILEGE LICENSE (Sales) TAX

WHO MUST PAY THE TAX?

You must be licensed and pay tax if you are in the business of selling items (tangible personal property) to someone who plans to use the items and not rent or resell them. The seller owes the retail sales tax to the city of Glendale, whether or not, the seller added the tax to the price of the item sold. *Please note: Producers of food products on agricultural lands, farms and gardens as defined under ARS 3-561 which are sold at market are not subject to the city privilege tax (ARS 3-563).*

WHAT IS THE CITY TAX RATE?

The city's tax rate for Retail Sales classification (excluding **single items** over \$5,000 and food for home consumption) is 2.9%; the combined rate (including state & county taxes) is 9.2%.

WHEN IS TAX DUE?

Your tax return and payment are due on the 20th day of the month following the reporting period. Effective January 1, 2017, you must file your tax return and send your payment to Arizona Department of Revenue using their electronic filing system, www.aztaxes.gov.

WHICH CITY IS OWED THE TAX?

The retail tax liability is based upon the seller's location, NOT the location of the buyer. If your business location is within the corporate limits of the City of Glendale, you must be licensed.

WHAT IS TAXABLE?

Generally, all sales of tangible personal property are taxable, examples include:

- Sales to churches, schools, clubs, nonprofit organizations, and governmental agencies
- Sales to federally chartered banks
- Sales of consigned or auctioned goods
- Sales of non-custom (pre-written) computer software
- Sales of furnishings and appliances to apartments
- Sales of model home furnishings to builders
- Sales of tools and equipment to contractors

For more information call the Tax & License Division (contact information below).

DEDUCTIONS THAT CAN BE TAKEN (when included in the gross income on the front of your tax return):

1. State, county and city tax collected whether charged separately or included in the sales price
2. Sales for resale or release
3. Charges for repair, service or installation labor
4. Discounts, refunds or returns

5. Freight out or delivery charges
6. Sales to “qualifying health care facilities,” including hospitals, nursing homes & dialysis centers (business must be non-profit)
7. Fifty percent (50%) of sales to the US Government (100% if sold by a manufacturer, modifier, assembler or repairer)
8. Out-of-state sales meeting all of the following criteria:
 - a. The order was received from the customer by mail, solicitation, Internet or phone from outside the state, and
 - b. The title to the item passed to the customer outside of the state, and
 - c. The item is purchased for use outside of the state
9. Trade-ins
10. Sales of gasoline
11. Sales of “income-producing capital equipment” as defined by the City Code
12. Sales of prescription drugs and prosthetics
13. Lottery ticket sales
14. Sales of warranty, maintenance, and service contracts (if optional)
15. Food sales to public school districts, airlines and non-profit organizations serving meals to the needy at no cost

DOCUMENTING NON-TAXABLE SALES

To properly document a non-taxable sale, you must obtain all of the following:

1. Customer’s name
2. Customer’s business address
3. Customer’s specific business activity
4. Customer’s state license number (if any)
5. Customer’s city license number (if any)
6. Reason for exemption, and
7. Evidence to establish to a reasonable business person that the sale is exempt

A completed Exemption Certificate should be obtained **at the time of the sale**. The State Exemption Certificates (Form 5000, 5000A, 5000M and other exemption certificates), are available at www.azdor.gov/Forms/TransactionPrivilegeTax.aspx.

CALCULATING THE TAX

You may choose to charge the tax separately or you may include tax in your price. If you include tax in your price (no separate charge for tax), you may back out the tax to compute the amount of tax included in your gross income. The formula is:

RETAIL (Non-Food items) SALES:

TAXABLE SALES divided by 1 + COMBINED TAX RATE of 9.2% (state, county & city tax)

Calculate the tax deduction as follows:

Taxable sales ÷ factor (1.092) = *computed taxable income*.

Taxable sales less *computed taxable income* equals your deduction for tax collected.

Example: \$3,000.00 ÷ 1.092 = \$2,747.25

\$3,000.00 - \$2,747.25 = \$252.75 (tax collected deduction)

Please note: The city of Glendale taxes the “Retail Sales - Food for Home Consumption” as defined by the City Code. The city’s tax rate is 2.5%; there is no state or county tax on the sale of “food for home consumption.”

FOOD FOR HOME CONSUMPTION:

TAXABLE SALES divided by 1 + COMBINED TAX RATE of 2.5% (state, county & city tax)

Calculate the tax deduction as follows:

Taxable sales ÷ factor (1.025) = *computed taxable income*.

Taxable sales less *computed taxable income* equals your deduction for tax collected.

Example: $\$3,000.00 \div 1.025 = \$2,926.83$
 $\$3,000.00 - \$2,926.83 = \$73.17$ (tax collected deduction)

Please note: The city of Glendale taxes the “Retail Sales – A Single Item Over \$5,000” as defined by the City Code. The city’s tax rate is 2.2%; the combined rate (including state, county & city) of “Retail Sales for A Single Item Over \$5,000” is 8.5%.

RETAIL SALES – SINGLE ITEM OVER \$5,000:

TAXABLE SALES divided by 1 + COMBINED TAX RATE of 2.2% (state, county & city tax)

Calculate the tax deduction as follows:

Taxable sales ÷ factor (1.022) = *computed taxable income*.

Taxable sales less *computed taxable income* equals your deduction for tax collected.

Example: $\$3,000.00 \div 1.085 = \$2,764.98$
 $\$3,000.00 - \$2,764.98 = \$235.02$ (tax collected deduction)

If more tax was collected than was due, the city’s portion of excess tax collected must be paid to the city, unless it is refunded to the customer.

For more information on tax rates and Business Licenses (different from Transaction Privilege Tax License), email taxlic@glendaleaz.com or call Glendale Customer Service at (623) 930-3190.

For more information on Transaction Privilege Tax License, State tax returns and AZTaxes, call Arizona Department of Revenue Customer Care at (602) 255-3381 or (800) 352-4090.

This is general information only. The intent is to condense and simplify the language in the Glendale City Tax Code. For complete details, refer to the Glendale City Tax Code.