ANY BUSINESS SELLING tangible personal property must pay tax. In Arizona, the seller owes transaction privilege tax to the state, county, and city or town regardless of whether or not the seller added a transaction privilege tax to the price of the item sold. Tax rates vary by business type.

For complete details, refer to the Town of Queen Creek Privilege and Use Tax Code at www.queencreek.org.

To reach the Arizona Taxpayer Assistance office call 602-255-2060.
All construction contracting gross income subject to the tax and not deductible herein shall be allowed a deduction of 35 percent.

Prime contractors, a person who performs, coordinates or supervises construction work including contracting with any subcontractors, are subject to transaction privilege tax. The prime contractor is the person responsible for the completion of the contract.

Both prime contractors who furnish labor, as well as those who furnish both labor and materials, are subject to tax.

Examples of taxable contracting activities include:
- building or road construction, installation of permanently attached equipment, installation of floor covering, remodeling, landscaping

All contractors are considered to be prime contractors and must have a transaction privilege tax license. This includes general contractors, subcontractors and specialty contractors.

SUBCONTRACTOR means a construction contractor performing work for either:
1. A construction contractor who has provided the subcontractor with a written declaration that he is liable for the tax for the project and has provided the subcontractor his Town Privilege License number.
2. An owner-builder who has provided the subcontractor with a written declaration that:
   a. The owner-builder is improving the property for sale; and
   b. The owner-builder is liable for the tax for such construction contracting activity; and
   c. The owner-builder has provided the contractor his Town Privilege License number.
3. A person selling new manufactured buildings who has provided the subcontractor with a written declaration that he is liable for the tax for the site preparation and set-up; and provided the subcontractor his Town Privilege License number.

NON-TAXABLE SUBCONTRACTORS. The determination of whether a contractor is a taxable prime contractor or a non-taxable subcontractor depends on the facts surrounding each individual project. An individual contractor can be a taxable prime contractor on one job and a non-taxable subcontractor on the next job. In order to be a non-taxable subcontractor on an individual project or job, the following factors must be present:
- The job is under the control of a prime contractor who supervises, performs or coordinates the construction work and is responsible for the completion of the contract;
- The prime contractor receives gross receipts attributable to the job; and
- The prime contractor pays the subcontractor out of the taxable gross receipts attributable to the job
- The contractor is given a Prime Contractor’s Certificate (ADOR Form 5000).

SPECULATIVE BUILDERS. The tax shall be 4.25 percent of the gross income from the business activity upon every person engaging or continuing in business as a speculative builder within the Town. The gross income of a speculative builder considered taxable shall include the total selling price from the sale of improved real property at the time of closing of escrow or transfer of title. Exclusions and exemptions apply.

OWNER-BUILDERS WHO ARE NOT SPECULATIVE BUILDERS. At the expiration of twenty-four (24) months after improvement to the property is substantially complete, the tax liability for an owner builder who is not a speculative builder shall be 4.25 percent of:
- The gross income from the activity of construction contracting upon the real property in question which was realized by those construction contractors to whom the owner-builder provided written declaration that they were not responsible for the taxes as prescribed in Subsection 8A-41Sc(2); and
- The purchase of tangible personal property for incorporation into any improvement to real property, computed on the sales price. Exclusions and exemptions apply.

WHAT IS THE TAX BASE FOR PRIME CONTRACTORS? The tax base for the prime contracting classification is 65 percent of the gross proceeds of sales or gross income derived from the job.

In order to sell tangible personal property, including hobby crafts, a license must be obtained from the state. Sellers are responsible for transaction privilege tax (sales tax) under the retail classification. A 2.25 percent sales tax is imposed upon anyone in the business of selling items to another who plans to use those items and not resell or rent them. Without complete records, all sales are subject to tax.

Amusements, Exhibitions, and Similar Activities: 2.25 percent of gross income
Operation or conduct of a business that charges admission or user fees for exhibition, amusement or entertainment.
Examples: concerts, batting/driving ranges, coin-operated amusement machines, sporting events, dance studios.

WHAT IS TAXABLE: The tax base is the total amount of income (gross income) from your amusement business. Exemptions apply.

Rental, Leasing, and Licensing for Use of Real Property: 2.25 percent of gross income
A person who has one or more units of commercial property is subject to this tax.
Examples: office buildings, commercial stores, storage facilities, apartments, and homes
A person who has less than three apartments, houses, trailer spaces, or other lodging spaces rented, leased or licensed or available for rent, lease, or license within Arizona is not deemed to be in the rental business, and is therefore exempt from the tax imposed by this Section on such income.

Restaurant and Bars: 2.25 percent of gross income
Business activity upon every person engaging in the business of preparing or serving food or drink, prepared or served for consumption on or off the premises.

Examples: bars, cocktail lounges, restaurants, and also the activity of catering.

What may not be subject to sales tax?
- Sales to qualifying hospitals, community health centers or a health care organization are not subject to the sales tax, except when sold for use in activities resulting in gross income from unrelated business income.
- Sales of food, beverages, condiments and accessories for food consumption used for serving food and beverages to a commercial airline that serves the food and beverages to passengers without additional charge, for consumption in flight.
- Sales of prepared food, beverages, condiments or accessories for food consumption to a public educational entity, to the extent such items are to be prepared or served to individuals for consumption on the premises of a public educational entity during school hours.

According to development agreements between the Town of Queen Creek, Vestar and Westcor Development Partners (WDP), a project sales tax surcharge equal to 0.25 percent will be added to each sale or taxable transaction within the Queen Creek Marketplace and Cornerstone developments for a total tax rate of 2.25 percent within these developments. Construction sales tax and tax on retail leases is excluded from this surcharge. This project sales tax surcharge will help offset additional costs associated with infrastructure, maintenance and traffic burdens in the Town Center area.

www.queencreek.org