

REFERENCE TITLE: TPT; estimated payments; liability threshold

State of Arizona
House of Representatives
Fifty-fourth Legislature
First Regular Session
2019

HB 2360

Introduced by
Representative Toma

AN ACT

AMENDING SECTION 42-5014, ARIZONA REVISED STATUTES; RELATING TO
TRANSACTION PRIVILEGE AND AFFILIATED EXCISE TAXES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 42-5014, Arizona Revised Statutes, is amended to
3 read:

4 42-5014. Return and payment of tax: estimated tax:
5 extensions; abatements

6 A. Except as provided in subsection B, C, D, E or F of this
7 section, the taxes levied under this article:

8 1. Are due and payable monthly in the form required by section
9 42-5018 for the amount of the tax, to the department, on or before the
10 twentieth day of the month next succeeding the month in which the tax
11 accrues.

12 2. Are delinquent as follows:

13 (a) For taxpayers that are required or elect to file and pay
14 electronically in any month, if not received by the department on or
15 before the last business day of the month.

16 (b) For all other taxpayers, if not received by the department on
17 or before the business day preceding the last business day of the month.

18 B. The department, for any taxpayer whose estimated annual
19 liability for taxes imposed or administered by this article or chapter 6
20 of this title is between ~~two thousand dollars~~ \$2,000 and ~~eight thousand~~
21 ~~dollars~~ \$8,000, shall authorize ~~such~~ THE taxpayer to pay ~~such~~ THE taxes on
22 a quarterly basis. The department, for any taxpayer whose estimated
23 annual liability for taxes imposed by this article is less than ~~two~~
24 ~~thousand dollars~~ \$2,000, shall authorize ~~such~~ THE taxpayer to pay ~~such~~ THE
25 taxes on an annual basis. For the purposes of this subsection, the taxes
26 due under this article:

27 1. For taxpayers that are authorized to pay on a quarterly basis,
28 are due and payable monthly in the form required by section 42-5018 for
29 the amount of the tax, to the department, on or before the twentieth day
30 of the month next succeeding the quarter in which the tax accrues.

31 2. For taxpayers that are authorized to pay on an annual basis, are
32 due and payable monthly in the form required by section 42-5018 for the
33 amount of the tax, to the department, on or before the twentieth day of
34 January next succeeding the year in which the tax accrues.

35 3. Are delinquent as follows:

36 (a) For taxpayers that are required or elect to file and pay
37 electronically in any quarter, if not received by the department on or
38 before the last business day of the month.

39 (b) For all other taxpayers that are required to file and pay
40 quarterly, if not received by the department on or before the business day
41 preceding the last business day of the month.

42 (c) For taxpayers that are required or elect to file and pay
43 electronically on an annual basis, if not received by the department on or
44 before the last business day of January.

1 (d) For all other taxpayers that are required to file and pay
2 annually, if not received by the department on or before the business day
3 preceding the last business day of January.

4 C. The department may require a taxpayer whose business is of a
5 transient character to file the return and remit the taxes imposed by this
6 article on a daily, a weekly or a ~~transaction by transaction~~
7 **TRANSACTION-BY-TRANSACTION** basis, and those returns and payments are due
8 and payable on the date fixed by the department without a grace period
9 otherwise allowed by this section. For the purposes of this subsection,
10 "business of a transient character" means sales activity by a taxpayer not
11 regularly engaged in selling within ~~the~~ **THIS** state **THAT IS** conducted from
12 vehicles, portable stands, rented spaces, structures or booths, or
13 concessions at fairs, carnivals, circuses, festivals or similar activities
14 for not more than thirty consecutive days.

15 D. If the business entity under which a taxpayer reports and pays
16 income tax under title 43 has an annual total tax liability under this
17 article, article 6 of this chapter and chapter 6, article 3 of this title
18 of ~~one million dollars~~ **\$1,000,000** or more **IN 2019, \$_____ OR MORE IN**
19 **2020, \$_____ OR MORE IN 2021, \$_____ OR MORE IN 2022, \$_____ OR MORE IN**
20 **2023, \$_____ OR MORE IN 2024 AND \$_____ OR MORE IN 2025 AND EACH YEAR**
21 **THEREAFTER**, based on the actual tax liability in the preceding calendar
22 year, regardless of the number of offices at which the taxes imposed by
23 this article, article 6 of this chapter or chapter 6, article 3 of this
24 title are collected, or if the taxpayer can reasonably anticipate such
25 liability in the current year, the taxpayer shall report on a form
26 prescribed by the department and pay an estimated tax payment each June.
27 Any other taxpayer may voluntarily elect to pay the estimated tax payment
28 pursuant to this subsection. The payment shall be made on or before June
29 20 and is delinquent if not received by the department on or before the
30 business day preceding the last business day of June for those taxpayers
31 electing to file by mail, or delinquent if not received by the department
32 on the business day preceding the last business day of June for those
33 taxpayers electing to file in person. The estimated tax paid shall be
34 credited against the taxpayer's tax liability under this article, article
35 6 of this chapter and chapter 6, article 3 of this title for the month of
36 June for the current calendar year. The estimated tax payment shall equal
37 either:

38 1. One-half of the actual tax liability under this article plus
39 one-half of any tax liability under article 6 of this chapter and chapter
40 6, article 3 of this title for May of the current calendar year.

41 2. The actual tax liability under this article plus any tax
42 liability under article 6 of this chapter and chapter 6, article 3 of this
43 title for the first fifteen days of June of the current calendar year.

1 E. An online lodging marketplace, as defined in section 42-5076,
2 that is registered with the department pursuant to section 42-5005,
3 subsection L:

4 1. Shall remit to the department the applicable taxes payable
5 pursuant to section 42-5076 and chapter 6 of this title with respect to
6 each online lodging transaction, as defined in section 42-5076,
7 facilitated by the online lodging marketplace.

8 2. Shall report the taxes monthly and remit the aggregate total
9 amounts for each of the respective taxing jurisdictions.

10 3. Shall not be required to list or otherwise identify any
11 individual online lodging operator, as defined in section 42-5076, on any
12 return or any attachment to a return.

13 F. A person who is licensed pursuant to title 32, chapter 20 and
14 who is licensed with the department pursuant to section 42-5005,
15 subsection M shall:

16 1. File a consolidated return monthly with respect to all managed
17 properties for which the licensee files an electronic consolidated tax
18 return pursuant to section 42-6013.

19 2. Remit to the department the aggregate total amount of the
20 applicable taxes payable pursuant to this chapter and chapter 6 of this
21 title for all of the respective taxing jurisdictions with respect to the
22 managed properties.

23 G. The taxpayer shall prepare a return showing the amount of the
24 tax for which the taxpayer is liable for the preceding month, and shall
25 mail or deliver the return to the department in the same manner and time
26 as prescribed for the payment of taxes in subsection A of this section.
27 If the taxpayer fails to file the return in the manner and time as
28 prescribed for the payment of taxes in subsection A of this section, the
29 amount of the tax required to be shown on the return is subject to the
30 penalty imposed pursuant to section 42-1125, subsection X, without any
31 reduction for taxes paid on or before the due date of the return. The
32 return shall be verified by the oath of the taxpayer or an authorized
33 agent or as prescribed by the department pursuant to section 42-1105,
34 subsection B.

35 H. Any person who is taxable under this article and who makes cash
36 and credit sales shall report ~~such~~ THE cash and credit sales separately
37 and ~~on making application~~ may APPLY FOR AND obtain from the department an
38 extension of time ~~for payment of~~ TO PAY taxes due on the credit
39 sales. The DEPARTMENT SHALL GRANT THE extension ~~shall be granted by the~~
40 ~~department~~ under such rules as the department prescribes. When the
41 extension is granted, the taxpayer shall thereafter include in each
42 monthly report all collections made on such credit sales during the month
43 next preceding and shall pay the taxes due at the time of filing such A
44 report.

1 I. The returns required under this article shall be made on forms
2 prescribed by the department and shall capture data with sufficient
3 specificity to meet the needs of all taxing jurisdictions.

4 J. Any person who is engaged in or conducting business in two or
5 more locations or under two or more business names shall file the return
6 required under this article using an electronic filing program established
7 by the department.

8 K. For taxable periods beginning from and after December 31, 2017,
9 any taxpayer with an annual total tax liability under this chapter and
10 chapter 6 of this title of ~~twenty thousand dollars~~ \$20,000 or more, based
11 on the actual tax liability in the preceding calendar year, regardless of
12 the number of offices at which the taxes imposed by this chapter or
13 chapter 6 of this title are collected, or a taxpayer that can reasonably
14 anticipate that liability in the current year, shall file the return
15 required under this article using an electronic filing program established
16 by the department.

17 L. For taxable periods beginning from and after December 31, 2018,
18 any taxpayer with an annual total tax liability under this chapter and
19 chapter 6 of this title of ~~ten thousand dollars~~ \$10,000 or more, based on
20 the actual tax liability in the preceding calendar year, regardless of the
21 number of offices at which the taxes imposed by this chapter or chapter 6
22 of this title are collected, or a taxpayer that can reasonably anticipate
23 that liability in the current year, shall file the return required under
24 this article using an electronic filing program established by the
25 department.

26 M. For taxable periods beginning from and after December 31, 2019,
27 any taxpayer with an annual total tax liability under this chapter and
28 chapter 6 of this title of ~~five thousand dollars~~ \$5,000 or more, based on
29 the actual tax liability in the preceding calendar year, regardless of the
30 number of offices at which the taxes imposed by this chapter or chapter 6
31 of this title are collected, or a taxpayer that can reasonably anticipate
32 that liability in the current year, shall file the return required under
33 this article using an electronic filing program established by the
34 department.

35 N. For taxable periods beginning from and after December 31, 2020,
36 any taxpayer with an annual total tax liability under this chapter and
37 chapter 6 of this title of ~~five hundred dollars~~ \$500 or more, based on the
38 actual tax liability in the preceding calendar year, regardless of the
39 number of offices at which the taxes imposed by this chapter or chapter 6
40 of this title are collected, or a taxpayer that can reasonably anticipate
41 that liability in the current year, shall file the return required under
42 this article using an electronic filing program established by the
43 department.

44 O. Any taxpayer that is required to report and pay using an
45 electronic filing program established by the department may apply to the

1 director, on a form prescribed by the department, for an annual waiver
2 from the electronic filing requirement. The director may grant a waiver,
3 which may be renewed, if any of the following applies:
4 1. The taxpayer has no computer.
5 2. The taxpayer has no internet access.
6 3. Any other circumstance considered to be worthy by the director
7 EXISTS.
8 P. A waiver is not required if the return cannot be electronically
9 filed for reasons beyond the taxpayer's control, including situations in
10 which the taxpayer was instructed by either the internal revenue service
11 or the department of revenue to file by paper.
12 Q. The department, for good cause, may extend the time for making
13 any return required by this article and may grant such reasonable
14 additional time within which to make the return as it deems proper, but
15 the time for filing the return shall not be extended beyond the first day
16 of the third month next succeeding the regular due date of the return.
17 R. The department, with the approval of the attorney general, may
18 abate small tax balances if the administration costs exceed the amount of
19 tax due.
20 S. For the purposes of subsection D of this section, "taxpayer"
21 means the business entity under which the business reports and pays state
22 income taxes regardless of the number of offices at which the taxes
23 imposed by this article, article 6 of this chapter or chapter 6, article 3
24 of this title are collected.