



A GUIDE TO UNDERSTANDING BUSINESS TAXES AND LICENSES

CITY OF TUCSON



This brochure is intended to help those who sell products or services at temporary locations and for special events such as fairs, craft shows, festivals, markets and similar activities. It is not applicable to those who sell only at the Fourth Avenue Street Fairs or the Tucson Rodeo Parade are covered in the Tucson Municipal Code separately. It is intended to help those persons understand the business privilege (tax) laws that apply to their activities. This information is based on the City of Tucson Business Privilege Tax Code in effect on July 1, 2010.

WHAT IS A SPECIAL EVENT?

This is an activity that lasts only a few days and is held at a defined location. It characteristically has an organizer or organizing group and solicits or permits vendors to pay a fee to occupy space for the purpose of exhibiting or selling. A special event license is valid only for the length of the event. The fee is \$25.

WHO MUST BE LICENSED?

If you sell either tangible goods or services to consumers, you must obtain either a regular business license or special event license. A special event license is valid for only one event and costs \$25. If you plan to do multiple events, you may want to consider getting a regular City of Tucson business license. There is an application fee of \$25 and an annual license fee of \$45, prorated by quarter in the first year. Vendors must be licensed even if the

organizing activity is a not-for-profit. Sales at such an event are not exempt from sales tax unless all proceeds will go to the sponsoring organization. If you already have a City of Tucson business license, you do not need a special events license.

IT'S A BIG EVENT AND I PLAN TO SELL AT MORE THAN ONE LOCATION. HOW MANY LICENSES DO I NEED?

If sales go through a common register, only one sales tax report is filed for the event by the business operating the register. If sales do not go through a common register, each licensed party is responsible for collecting and paying the appropriate sales tax.

HOW DO I GET A LICENSE?

You may apply for a regular business license on-line at <http://cms3.tucsonaz.gov/etax/>. You cannot register for a special event license on-line yet. You can download a license application at <http://cms3.tucsonaz.gov/finance/licenses>. When filling out the application, put the business start date as the first day of the event. In Section IV, Business Type, write "Special Event License" and put the name, location, and dates of the event. Use your business information, including addresses, in Section I, II, and III. Do not put the event address in these sections. Mark your envelope "Attn: Special Event" for faster processing.

WHY ARE TUCSON'S REQUIREMENTS DIFFERENT FROM OTHER CITIES I HAVE SOLD IN?

Most incorporated towns and cities require a business license. All Arizona cities and towns use the Model Cities Code. The Model Cities Tax Code is a uniform set of tax provisions for all cities that levy a business privilege tax. Some of those cities do not collect their own taxes. Vendors send all taxes to the state and the state then distributes the money to those cities. Other cities like Tucson collect taxes themselves. Cities and towns may have unique licensing requirements for Special Events that are not included in the Model Cities Tax Code.

HOW DO I KNOW WHAT THE DIFFERENT REQUIREMENTS ARE?

The Arizona Department of Revenue maintains a list of the different participating cities at <http://www.azdor.gov/Business> with linked contact information. The home page, <http://www.azdor.gov> has further information on state requirements. You may also obtain information on each city's or town's website.

WHO MUST PAY?

If you are in the business of selling to consumers and the sale is not exempt from city tax, you must pay. Arizona and

Tucson have a business privilege tax. That means that the seller owes the tax whether or not the seller added tax to the price of the items sold. The burden of proving that a sale is not taxable is on the seller. If you sell services, those sales are generally exempt from tax. There are some exceptions and special situations. Please consult the brochure *Retail Sales: A Guide to Understanding Business Taxes and Licenses* for more information on this.

HOW DO I PAY?

For a special event, you will be given a City of Tucson tax return for that time period. The tax return is due the 20th of the month following the month of the last date of the event. For example, the event ends on August 13th. Your tax return is due on September 20th. City of Tucson tax rate is 2%.

WHAT ARE THE ORGANIZER'S RESPONSIBILITIES?

If an individual promotes, schedules, contracts for or arranges a public event where others gather to sell, show, exhibit, display, entertain or render any services to the general public for less than 22 days, that person qualifies as a promoter and requires a license. Whatever assistance the organizer may give to those at the event, the final responsibility for the license and tax is on the seller.

FOR MORE INFORMATION ABOUT...

Taxes – contact the Audit Section:
City of Tucson – Tax Audit Section
255 W. Alameda - Second Floor
P.O. Box 27210
Tucson, Arizona 85726-7210
(520) 791-4681

Licenses – contact the License Section:
City of Tucson - License Section
255 W. Alameda - First Floor
P.O. Box 27210
Tucson, Arizona 85726-7210
(520) 791-4566
Tax-license@tucsonaz.gov

Hearing impaired: TDD (520) 791-2639

Visit the City of Tucson Web Page at:
<http://www.tucsonaz.gov>

To read more about the business privilege tax:
<http://cms3.tucsonaz.gov/finance/business-information>

*Thanks For Opening and
Operating Your Business
In the City of Tucson!*



The City of Tucson prepared this brochure. It does not provide comprehensive explanations of Tucson tax laws, rules, or regulations. Specific questions should be addressed to the City of Tucson Tax Audit Section.