



Taxpayer Notice

- The City has adopted a 2% use tax, which becomes effective July 1, 2003. Ordinance #9840

The use tax applies to merchandise that is purchased by local businesses and residents for use, consumption or storage within the City on which a city privilege (sales) tax has not previously been paid. It is paid on the line designated use tax on the privilege (sales) tax return. Other persons with a use tax liability will receive a separate tax return. Retail sales of tangible personal property that are exempt from privilege tax are also exempt from use tax. Purchases by individuals of items costing less than \$1,000.00 are exempt. This exemption does not apply to businesses.

Some typical cases where the Use Tax is applicable would include the following:

- A store, motel, restaurant, office or nonprofit facility is opened in Tucson. Fixtures and equipment are purchased from out-of-state and delivered to Tucson. The seller added no municipal sales tax to the price. The user in Tucson is subject to Use Tax.
 - An owner or lessor of real property acts as his own general contractor for construction of a project in Tucson. They purchase carpeting, furniture and building materials out-of-state. The seller ships the items to Tucson without charging a municipal sales tax. The buyer is subject to Tucson Use Tax.
 - A lumberyard in Tucson purchases a forklift or other heavy equipment from a dealer located in an unincorporated area, which does not charge any municipal sales tax. The buyer is subject to Tucson Use Tax.
 - An individual (resident of Tucson) purchases an automobile for use in the city from a dealer outside the city or via the Internet and does not pay a municipal sales tax. The purchaser owes Tucson Use Tax.
 - The person above purchases the auto in another state and is charged a municipal sales tax for the city in which the dealer is located. The purchaser does not pay any additional Tucson Use Tax, provided evidence exists that the sales tax was paid to the other city.
 - An individual engaged in providing professional or personal services at a location within Tucson purchases equipment, such as medical or dental equipment, computer hardware or software, from an out-of-state vendor and if no municipal sales tax is paid, the Tucson Use Tax applies.
- The City has increased the Transient Rental Tax rate from four (4) percent to six (6) percent effective July 1, 2003. Ordinance 9838.
 - Effective June 1, 2003, the City passed Ordinance 9841 which expanded the definition of a Qualifying Health Care Organization, Qualifying Community Health Center and Qualifying Hospital; repealed the exemption for used oil fees and acid battery fee; and added a grandfathering clause for construction contracts when the City increases the tax rate.

For additional information, see the tax information brochures on the [Business License and Tax Information](#) webpage or call License Division 791-4566 or Tax Audit 791-4681.