

Telecommunications

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 providing telecommunications services to consumers within the city of Glendale.

WHAT IS THE CITY TAX RATE?

Glendale's tax rate for Telecommunications classification is 6.1%; the combined rate (including state & county taxes) is 12.40%.

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 tax on telecommunications is due to the city in which the customer of the telecommunications services is located. Customers being provided telecommunications services for receiving/transmitting equipment designed to be mobile (such as mobile telephones, portable two-way radios, pagers, etc.) are taxable to the jurisdiction where their permanent service address is located.

WHAT IS TAXABLE?

Telecommunications services include providing any of the following:

- Local & intrastate telephone services.
- Cellular or mobile telephone services.
- Pay phones.
- Paging and dispatch services.
- Voice mail, page mail, or fax mail.
- Facsimile transmission services (FAX).
- Relay, repeater, or beeper service.
- Alarm monitoring (including out-of-state monitoring companies).
- Computer interface services or computer time-sharing over a communications channel
- One-way or two-way voice, sound, and/or video communication, transmission or relay over a communication channel.

Telecommunications revenue includes connection fees, and subscription or membership charges to a network. Prepaid calling cards are taxable as *retail sales*. "Internet access services" are exempt.

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 total price.
2. Sales for resale to another provider of telecommunications services to customers provided the purchaser is properly licensed with the city.
3. Discounts, refunds or returns.
4. Interstate telecommunications; transmissions which originate within the city and terminate outside the state.

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:

TAXABLE SALES divided by 1 + COMBINED TAX RATE of 12.4% (State, County & City tax)

Calculate the tax deduction as follows:

Taxable Sales ÷ Factor (1.124) = *Computed Taxable Income*.

Taxable Sales less *Computed Taxable Income* equals your deduction for tax collected.

Example: $\$3,000.00 \div 1.124 = \$2,669.04$
 $\$3,000.00 - \$2,669.04 = \$330.96$ (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.