

# Town of Colorado City

## ~ NOTICE OF TAX FORGIVENESS ~

### Residential & Commercial Rentals

Some property owners may not be aware that the Town of Colorado City Tax Code requires payment of a transaction privilege tax of two-percent (2%) on income generated from the rental or leasing of real property.

This tax is collected by the Arizona Department of Revenue for the Town. Owners of rental property are required to obtain a license from the Department of Revenue for the collection and remittance of tax payments.

In an effort to both educate property owners and encourage compliance, the Colorado City Council approved a policy to waive past taxes due for the rental of real property, for Landlords who come forward and begin filing the May 2016 return due by **June 20, 2016**.

Those who do not begin filing will be subject to taxes owed, back to June 1, 2010. To receive this tax break, Landlord's should follow the steps outlined on the back of this notice.

*For questions, you may call the numbers listed below:*

*Town of Colorado City: 928-875-2646*

*Arizona Department of Revenue, Cities Unit: 602-716-6906*

## STEPS FOR TAX FORGIVENESS

1. Complete a **Joint Tax Application** (available at the Town Hall or at [azdor.gov](http://azdor.gov)) with the business start date listed as January 1, 2015 (or the actual date if not doing business prior to January 2015.) License fees will be based on number of rental locations as of today.
2. Send the Joint Tax Application along with your first tax return (only the first return) to the following address with a cover letter stating that you are taking advantage of the tax forgiveness offered by the Town of Colorado City:

Arizona Department of Revenue  
Cities Unit  
1600 W. Monroe, Division 16  
Phoenix, AZ 85007

After the initial return is filed (see #4 below), ongoing returns will not be sent to the Cities Unit, but rather all subsequent returns will be sent to the regular AZDOR tax remittance address at Box 29010, Phoenix, AZ 85038-9010. Monthly returns should continue to be filed as long as the rental property is owned, even if there are no gross receipts to report.

3. **If you already have an existing Transaction Privilege Tax license** (sales tax license), you do NOT need to complete #1 above. You will need to file a **Business Account Update** form (available at the Town Hall or at [azdor.gov](http://azdor.gov)) and file a return with a cover letter stating that the business is doing residential rental. Mail the update form and tax return to the regular AZDOR tax remittance address at Box 29010, Phoenix, AZ 85038-9010. Refer to #4 below.
4. One tax return should be filed for the May, 2016 reporting period (5/1/16 through 5/31/16) that includes the total amount of gross receipts (lump sum on the May return) collected and the total taxes due from all activity from January, 2015 through May, 2016.
5. Tax return Region Code is CC.  
Business Class Code for Residential Rental is 045  
Business Class Code for Commercial Rental is 213
6. In order to qualify for the tax break, taxpayers must file with AZDOR and pay all tax owed on gross receipts for real property rental or lease from January 2015 to May 2016, on the May 2016 tax return due by **June 20, 2016**.
7. All penalty fees will be waived for taxpayers who file the May 2016 return by June 20, 2016 as stated above for total gross receipts from January 2015 through May 2015. Interest is 3% per year and cannot be waived according to State law; however, taxpayers taking advantage of this tax forgiveness can apply to the Town of Colorado City for a refund on interest paid for rental taxes shown on the May, 2016 return.
8. Residential Property Managers (managing property for other owners) should contact the Town of Colorado City if managing multiple properties or for consolidated tax returns.
9. Landlords renting or leasing property are required by Town Code to have a business license issued by the Town of Colorado City. Contact the Town Clerk at 928-875-2646.