



CITY OF PEORIA PRIVILEGE (SALES) TAX GUIDELINES: RENTAL OF TANGIBLE PERSONAL PROPERTY

You Owe Tax on Rentals of Personal Property if:

You are located in the City of Peoria and you lease, rent or license-for-use tangible personal property. Or, you lease semi-permanently or permanently installed personal property within the City of Peoria even though your business is not located in Peoria.

Semi-permanently or permanently installed property includes items requiring alterations to the premises or where a contract states that the items will be located in Peoria for more than 180 days.

Semi-permanently or permanently installed property does not include mobile transportation equipment or tangible personal property designed for regular use at different locations (e.g., daily or weekly rentals of automobiles, contracting equipment, janitorial equipment, and household items).

Examples of Taxable Items Include:

- ◆ Office equipment
 - ◆ Construction equipment, tools
 - ◆ Data processing equipment
 - ◆ Restaurant equipment
 - ◆ Appliances
 - ◆ Video tapes/discs, computer software, etc.
 - ◆ Cars, trucks, trailers, boats, planes, etc
 - ◆ Clothing or costumes
 - ◆ Sports equipment
 - ◆ Coin operated car wash & laundromat equipment
 - ◆ Tanning beds/booths, automated massage beds
- ▶ Transactions between related companies or persons are taxable.

Tax Rate

The City of Peoria tax rate is 1.8% on all income from the rental, leasing and licensing-for-use of tangible personal property.

Collection of Tax

You may choose to charge the Privilege (Sales) Tax separately on each sale, or include the tax in your price. If you overcharge any tax to your customers, you must remit the excess tax to the city. If you include tax in your price, you can use factoring to “back into” the tax included in your gross sales.

See our brochure on Factored Tax.

Income

Income is any value received either as funds or as bartered services/merchandise for the rental, leasing or licensing-for-use of tangible personal property.

▶ Licensing-for-Use is defined as any agreement between the user ("licensee") and the owner or the owner's agent ("licensor") for the use of the licensor's property whereby the licensor receives consideration, where such agreement does not qualify as a "sale" or "lease" or "rental" agreement.

Deductions and Exemptions Include:

- ◆ Leases for re-lease – to claim this exemption, the lessor must obtain a properly completed resale certificate from the lessee ([Peoria Tax Exemption Certificate](#) or [AZDOR Form 5000](#))
- ◆ Items semi-permanently or permanently installed within another city or town that levies an equivalent tax on the transaction
- ◆ Lease of a prosthetic prescribed or recommended by a physician, dentist or medical professional
- ◆ Separately billed charges for delivery, installation, repair and/or maintenance
- ◆ Leases to a qualifying hospital, qualifying community health center or a qualifying health care organization
- ◆ Rental of certain machinery, equipment, and related items used directly in manufacturing, processing, mining, for electric power production/transmission, in pipelines, by telephone companies, airlines, railroads, and the oil and gas industries
- ◆ Trade-ins
- ◆ Leases of solar energy devices by registered solar energy retailers
- ◆ Warranty, maintenance or similar service contracts (if optional)
- ◆ Rental to nonresidents of Arizona for use outside the state if you ship or deliver the item out of state
- ◆ Rental of films, tapes, and slides by theaters, television stations, and radio stations

Special Situations

▶ Buying items to rent to others

If you are in the rental business, you do not owe retail sales tax on items you buy to rent to others. These sales are considered sales for resale and are exempt.

▶ Charges added to rent

Charges for items such as insurance, fuel, mileage, collision damage waiver and maintenance are taxable as part of your rental income. This is true even though the charges may be billed separately from the rental charge.

▶ Renting to contractors, schools or non-profit organizations (e.g. churches)

Rentals of equipment to contractors, schools or most nonprofit organizations (except hospitals, community health centers or health care organizations) are subject to tax.

▶ Lease-purchase

The rental income from leasing an item that has a purchase option is taxed under personal property rentals until the item is purchased. Income from the eventual sale is taxed as a retail sale.

▶ Mobile Equipment

Equipment that is leased and is not permanently or semi-permanently installed in one location is taxed at the location of the leasing company.

▶ Motor Vehicle

Motor Vehicles leased for a minimum of twenty-four (24) months are taxed at the location of the dealership rather than the location of the lessor.

Contact Information

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Office Hours are Monday through Thursday – 7:00 a.m. to 6:00 p.m.

► **This brochure is meant to be a guideline only.** For complete details, refer to the [City of Peoria Tax Code](#) and related regulations. In all cases, the language of the tax code shall prevail.

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