

Be Prepared for Short-Term and Long-Term Rental Tax Obligations



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Learn about your tax liabilities if you rent out your home or other lodging spaces in Arizona

Phoenix, AZ—Arizona is the perfect location for golf, the Big Game, concerts, and spring training, meaning visitors will seek lodging statewide this season.

The Arizona Department of Revenue (ADOR) prompts property owners renting out residences in a city or town that levies transaction privilege tax (TPT) on short-term rentals and residential rental activity that they are required to obtain a TPT license and file and pay with ADOR. In addition, a property owner/operator must include the TPT license number on any advertising associated with the short-term rental.

If only renting out the residence for the Super Bowl, the owner will need a seasonal Arizona TPT license and cancel the license after the season.

Stays for 29 days or less?

Short-term lodging stays of 29 days or less are taxable under the hotel/motel classification. Property owners, who rent out residences for periods of less than 30 days, must have a TPT license and report and remit TPT for the state, county, and city. Business code 025 (transient lodging) is used to report lodging bookings for less than 30 days for the state/county. Business code 044 (hotel/motel) is used to report these types of transactions for the cities. Business code 144 is used for those cities with the additional hotel tax. See the Arizona Department of Revenue's Tax Rate Table for more on what cities have an additional hotel rate.

Stays for more than 29 days?

Residential rental is lodging stays for 30 or more consecutive days. This business classification is taxed by the city/town and collected by the state but not taxed at the state level. To determine if a city tax license is required, taxpayers can use the Residential Rental Licensing Matrix.

To file and pay taxes online, register for an account at www.AZTaxes.gov. It is important to note that submitting documents without payment generates a bill. ADOR recommends remitting forms with all applicable fees/payments.

Property Management Companies

The Arizona Department of Revenue also reminds property management companies (PMCs) to ensure their clients are properly licensed for TPT. PMCs do not need a TPT license for filing residential rental TPT on behalf of their clients; instead, they need a PMC license. PMCs that own taxable rental properties must maintain a separate TPT license.

The Department of Revenue also offers a three-part [Property Management Company Workshop](#) and a one-part [Property Owner Workshop](#). These workshops are designed for property managers and property owners to understand what is required for each fully. Property owners and property management companies can also check out our [online tutorials](#).

Online Lodging Marketplaces

An owner/operator or property manager of a short-term rental that uses an online lodging marketplace (OLM) should report income using the business codes as outlined above for reporting according to where the property is located. However, 100% of the income received from the OLM should be deducted using deduction code 775. The OLM is responsible for collecting and remitting the TPT due from the rental income. For more information, please see the [OLM Factsheet](#).

For updates and the latest news on short-term and long-term residential rentals, subscribe to our [email subscription service](#) or [social media](#).

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