

# **ATRA SUPPORTS SB 1141**

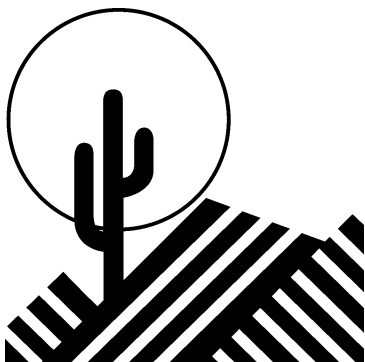
## *Sales Tax Increase; Preexisting Transactions*

### **Background:**

Arizona's transaction privilege tax (TPT) is imposed on the privilege of conducting certain types of business in Arizona. The TPT is different from a sales tax in that the tax burden is imposed on the business, not on the purchaser. In some instances, taxes that are remitted to the Department of Revenue relate to transactions that occurred in a previous month. Small businesses that pay taxes on a cash basis (when the money is received) remit taxes in the month that the money is received.

### **Basis for ATRA's Support:**

Businesses that remit TPT to the state should be required to pay taxes based on the TPT rates in effect at the time of the transaction. SB 1141 simply grandfather's transactions that occur prior to a TPT rate change if the payment for those transactions occurs after the rate increase. SB 1141 limits the protection on preexisting transactions to 120 days after the date of the rate increase.



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