



Mirage Heights Rental Property Information...



TOWN OF
FOUNTAIN HILLS
Arizona

Town of Fountain Hills News

Posted on: August 13, 2018

Rental Properties Are Subject to Sales Tax

In order to provide Town programs, services, and infrastructure that contribute to the quality of life for Fountain Hills residents, the Town has a variety of revenue sources to pay for its operations and capital improvements. Since the Town does not have a primary property tax, one of the most important sources of local revenue is sales tax.

Residential rental properties are one area for which the Town is not receiving all of the potential sales tax. The Town has discovered that a number of homes and condominiums in our community are rented out as short-term or long-term rentals without the property owners paying appropriate sales tax. As a result, it is estimated that the Town is losing thousands of dollars in sales tax revenue annually from property owners not properly paying the sales tax on the rentals. This sales tax revenue is important because the rental of residential properties is a business enterprise. In addition, the occupants of rental properties still utilize town facilities, town services, police and fire protection, and drive town streets. Essentially, other Fountain Hills residents are paying the cost of these services for others.

By Law, Owners Must Register Rental Properties - Under Arizona Revised Statutes § 33-1902, an owner of residential rental property in Arizona must register certain information relating to the property and its ownership with the Maricopa County Assessor's Office regardless of who rents the property. In addition, a property owner who does not reside in Arizona must designate a statutory agent who lives in Arizona to accept legal service on his/her behalf. Regardless of where organized, a corporation, limited liability company, partnership, limited partnership, trust, or real estate trust, must register the name of the ownership entity as well as a principal within the business entity. The registration may be filed electronically, using an online registration form, by mail, or in person. There is a \$10.00 (U.S.D.) fee per registration. A separate form must be completed for each parcel or roll number registered. The Maricopa County Assessor's Office classifies property based upon its use. If a property owner discovers that a property has been misclassified, the owner can notify the Assessor by calling 602-506-3406 to receive instructions on how to have the misclassification corrected.

All Rentals Are Subject to Taxation - Income from rental of real property for 30 days or longer is subject to the 1.6% Fountain Hills sales tax. Income from rental of property for periods under 30 days is subject to the Town's tax of 2.6% and the transient lodging tax rate of 4.0% for Fountain Hills in addition to 7.27% for State and County tax for a total of 13.87%. Failure to register residential rental property is a violation of Town Code Sec. 7-11-1 and may result in civil penalties. The tax applies to all persons who

lease or rent one or more properties (apartment units, houses, condominiums, etc.) within Fountain Hills. Rental taxes are remitted to the Arizona Department of Revenue on form TPT-2 and reported using FH as the region code and 045 as the business code. Forms are downloadable from the Department of Revenue website or one can apply for the tax license online. Failure to comply with the provisions of Town Code Sec. 7-11-1 may result in civil penalties in accordance with A.R.S. § 33-1902. The penalty is \$150 per day for each day of violation and may be imposed after the date of the most recent notice of assessed valuation and the notice prescribed by A.R.S. § 42-15103.

The Town of Fountain Hills has initiated an audit of rental properties in an attempt to recover rental sales tax, interest, and civil penalties. If you have one or more residential properties that are rented out during the year or suspect that a nearby property is a rental, please contact the Town of Fountain Hills Rental Tax Hotline at (480) 397-2482 or email rentaltax@fh.az.gov. The Town's goal is for everyone to pay their fair share of taxes.



Town enacts plan to claim unpaid rental taxes

Bob Burns | Aug 9, 2018

The Town of Fountain Hills provides a number of programs, services and infrastructure that contributes to the quality of life for residents who live here.

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Residential rental properties are one area for which the town is not receiving all of the potential sales tax. The town has discovered that a number of homes and condominiums in the community are rented out as short-term or long-term rentals without the property owners paying appropriate sales tax. As a result, it is estimated that the town is losing tens of thousands of dollars in sales tax revenue annually from property owners not properly paying the sales tax on the rentals.

This sales tax revenue is important because the rental of residential properties is a business enterprise. In addition, the occupants of rental properties still utilize town facilities, town services, police and fire protection and drive town streets. Essentially, other Fountain Hills residents are paying the cost of these services for others.

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The registration may be filed electronically, using an online registration form, by mail, or in person. There is a \$10 fee per registration. A separate form must be completed for each parcel or roll number registered.

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