

# **Licensing and Reporting Guidance for Residential Rental Property Managers**

**This guidance is controlling until further notice**

## **TAX LICENSING:**

Model City Tax Code Section 310(e) states:

“Real Property Rental, Leasing, and Licensing for Use. In all cases the Transaction Privilege and Use Tax License shall be issued only to the owner of the real property regardless of the owner engaging a property manager or other broker to oversee the owner’s business activity including filing tax returns on behalf of the owner. ...”

Each Property Owner is required to have a unique license and must identify each of their rental property locations even if they have hired a Property Manager (PM). However, the instructions in this written guidance temporarily supersede the tax code to accommodate taxpayers until the transition to State TPT administration is completed.

**Existing Client Properties, ONLY if the PM has not already done so:** provide one “DOR spreadsheet” to the Arizona Department of Revenue (ADOR) that lists each Owner and Property the PM manages, including both Program and Non-program cities and towns. DO NOT SEND ANY FEES WITH THE LIST. If license fees are due they will be billed to the Owner on a notice sent to the PM at a later date. No license penalties will be billed until further notice. There is no timeline in place for how long billing for license fees may take.

### **New Properties Added / Properties Dropped, Located in Program Cities:**

- Each month the PM submits the “DOR spreadsheet” listing all of their managed properties located in Program cities to the ADOR, identifying any new properties being managed and any properties no longer managed as of that month. DO NOT SEND LICENSE FEES WITH THE LIST. If license fees are due they will be billed to the Owner on a notice sent to the PM for any new property that is being added to the spreadsheet. No license penalties will be billed until further notice.
- Note: The PM may not receive a license number or a bill for license fees for some time. There is no timeline in place for how long this may take. In the event you are no longer managing a property when the related fee is billed, please notify the ADOR and they will remove the fee.

### **New Properties Added / Properties Dropped, Located in Non-Program Cities:**

- PMs continue to license new properties located in Non-program cities directly with the cities as they have done in the past, including paying the license fees directly to the city. PMs do not need to inform the ADOR about any new property being licensed with a Non-program city. As in the past, when a property is no longer managed, please inform the Non-program city that the mailing address needs to be changed.

## **TAX PAYMENT AND REPORTING:**

### **Properties located in Program Cities:**

- Continue to report and pay to the ADOR as has always been done in the past. Do not use individual property license numbers until directed to do so by the ADOR.

### **Properties located in Non-Program Cities:**

- Continue to report and pay to each Non-program city in the same manner as has been done in the past. Nothing is being changed in the way reporting to any Non-program city is handled at this time. Consider the standard practice of each city in 2014 to remain the standard until informed otherwise.

### **Other:**

PMs should consider adding the language the ADOR will be requiring in lieu of a Tax POA to their Property Management Agreements (PMA's) as soon as possible. Doing this sooner rather than later will help with initial compliance when the eventual shift to ADOR administration occurs.