

Senate Engrossed House Bill

FILED

MICHELE REAGAN

SECRETARY OF STATE

State of Arizona
House of Representatives
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2017

CHAPTER 60

HOUSE BILL 2280

AN ACT

AMENDING SECTIONS 5-407, 42-1108, 42-1125, 42-1126, 42-1127, 42-1129,
42-2075, 42-3053, 42-3352, 42-3353, 42-3354, 42-3355, 42-3462, 42-5005,
42-5014, 42-5017, 42-13002 AND 43-323, ARIZONA REVISED STATUTES; RELATING
TO TAX RETURNS AND REPORTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 5-407, Arizona Revised Statutes, is amended to
3 read:

4 5-407. Statement of receipts; expenses; penalty

5 A. On or before the twentieth day after the end of every reporting
6 period designated for the class of the license each licensee shall file
7 with the licensing authority upon forms prescribed by the licensing
8 authority a financial report which is signed and sworn to by the proceeds
9 coordinator showing the amount of the gross receipts derived during the
10 reporting period from games of bingo, the expenses paid, a brief
11 description of the classification of such expenses, the ratio of net
12 proceeds to the adjusted gross receipts received by the licensee during
13 the reporting period, the name and address of each person to whom has been
14 paid three hundred dollars or more and the purpose of such expenditure,
15 the net proceeds derived from each such game of bingo and the uses to
16 which such net proceeds have been or are to be applied. Each licensee
17 shall maintain and keep such books and records as may be necessary to
18 substantiate the particulars of each such report.

19 B. Except for class A licensees, if the net proceeds derived from
20 the games of bingo for any six consecutive months do not amount to at
21 least fifty ~~per cent~~ PERCENT of adjusted gross receipts for those months
22 in total, it shall be presumed that the expenses incurred for goods,
23 wares, merchandise and services rendered are not bona fide and reasonable,
24 and the operation of the game is deemed to be against public policy. If
25 the net proceeds of the games operated by a licensee are less than fifty
26 ~~per cent~~ PERCENT of the adjusted gross receipts in any six consecutive
27 months, the license may be revoked.

28 C. The failure to file reports within forty-five days after their
29 due date, or ~~if~~ FILING reports THAT are not fully, accurately and
30 truthfully completed, may be the basis of the revocation of the
31 license. If the licensee fails to make and file a return on or before the
32 due date, unless the failure is due to reasonable cause, a penalty equal
33 to five ~~per cent~~ PERCENT of the amount found to be due or remaining due
34 under subsection H of this section shall be added to that amount for each
35 month or fraction of a month between the due date of the return and the
36 date on which filed, plus interest at a rate determined pursuant to
37 section 42-1123. The total penalty shall not exceed twenty-five ~~per cent~~
38 PERCENT of the amount found to be remaining due. The penalty is due and
39 payable on notice and demand from the licensing authority. If an action
40 has been filed by the licensing authority for revocation of a license, the
41 court shall award reasonable attorney fees to the licensing authority as a
42 part of the proceedings if the licensing authority prevails in the
43 proceedings.

44 D. Except for a class A licensee, all monies collected or received
45 from the sale of admission, extra regular cards, special game cards, sale

1 of supplies and all other receipts from the games of bingo shall be
2 deposited in a special account of the licensee which shall contain only
3 such money. Except for a class A licensee, all expenses for bingo games,
4 except cash prizes in the amount of less than one hundred fifty dollars,
5 shall be withdrawn from the licensee's special account by consecutively
6 numbered checks duly signed by a specified officer or officers of the
7 licensee or the supervisor and payable to a specific person or
8 organization. Class A licensees shall pay all bingo game prizes, except
9 cash prizes in an amount less than one hundred fifty dollars, by check
10 duly signed by a specified person or persons or the supervisor. A check
11 shall not be drawn to "cash" or a fictitious payee. A check drawn on a
12 licensee's special account shall not be payable to the licensee. Checks
13 drawn against the net proceeds in the special account shall be drawn only
14 for lawful uses and purposes. The licensee may establish interest bearing
15 accounts which shall contain only monies transferred from the licensee's
16 special account, but all monies, interest and other proceeds shall be
17 redeposited to the special account before being used for lawful uses and
18 purposes.

19 E. A licensee shall maintain a permanent record containing the
20 signature of each player who receives a cash prize from such licensee and
21 the amount of the cash prize awarded to such player.

22 F. The net profits after they have been given over to another
23 organization shall not be used by the donee organization to pay any person
24 for services rendered or materials purchased in connection with the
25 conducting of bingo by the donor organization.

26 G. Expenses shall not be incurred or paid in connection with
27 holding, operating or conducting any game of bingo pursuant to any
28 license, except bona fide expenses of a reasonable amount. Expenses may
29 be incurred only for the following purposes:

- 30 1. The purchase of goods, wares and merchandise furnished.
- 31 2. Payment for services rendered.
- 32 3. Rent.
- 33 4. Accountants' fees.
- 34 5. License fees.
- 35 6. Utility expenses.
- 36 7. Security guards.
- 37 8. Compensation not to exceed the current federal minimum wage plus
38 twenty ~~per cent~~ PERCENT.
- 39 9. Mortgage payments when a nonprofit charitable organization
40 licensee is using the building or premises for both bingo and for the
41 licensee's bona fide charity.
- 42 10. Advertising. In this subsection:
 - 43 (a) "Goods, wares and merchandise" means prizes, equipment and
44 articles of a minor nature such as pencils, crayons, tickets, envelopes,
45 paper clips and coupons necessary for the conduct of games of bingo.

1 (b) "Services rendered" means repair to equipment, reasonable
2 compensation to bookkeepers or accountants, not more than two in the
3 aggregate, for services in preparing financial reports and a reasonable
4 amount for janitorial service and security guards. Services rendered do
5 not include and no item of expense may be incurred or paid for service of
6 any nature whatever rendered by a member or new member, including, without
7 limitation except as provided by paragraph 8 of this subsection, equipment
8 repair, bookkeeping, accounting, janitorial service, security guard
9 service or operating, conducting or managing a bingo game or providing any
10 professional or consultation service related to bingo.

11 H. In lieu of the taxes collected under title 42, chapter 5,
12 article 1 there shall be paid to the state licensing authority a tax in
13 the amount prescribed in section 5-414. The taxes collected pursuant to
14 this section shall be deposited in the state general fund. All
15 administrative receipts, including license fees, penalties and interest,
16 collected by the state pursuant to this article shall be deposited in the
17 state general fund.

18 I. Each licensee, at the time each financial report is submitted to
19 the licensing authority, shall pay to the order of the licensing authority
20 the amount of tax provided in subsection H of this section.

21 J. FOR REPORTING PERIODS BEGINNING FROM AND AFTER DECEMBER 31,
22 2019, OR WHEN THE LICENSING AUTHORITY HAS ESTABLISHED AN ELECTRONIC FILING
23 PROGRAM, WHICHEVER IS LATER, EACH LICENSEE SHALL FILE ELECTRONICALLY ANY
24 REPORT OR RETURN REQUIRED UNDER THIS CHAPTER. THE REPORT OR RETURN IS
25 CONSIDERED TO BE FILED AND RECEIVED BY THE LICENSING AUTHORITY ON THE DATE
26 OF THE ELECTRONIC POSTMARK PURSUANT TO SECTION 42-1105.02.

27 Sec. 2. Section 42-1108, Arizona Revised Statutes, is amended to
28 read:

29 42-1108. Audit; deficiency assessments

30 A. If a taxpayer fails to file a return required by this title or
31 title 43, or if the department is not satisfied with the return or payment
32 of the amount of tax required to be paid under either title, the
33 department may examine any return, including any books, papers, records or
34 memoranda relating to the return, to determine the correct amount of tax.
35 This examination must occur within the time periods prescribed by section
36 42-1104 and may be accomplished through a detailed review of transactions
37 or records or by a statistically valid sampling method.

38 B. The department shall give the taxpayer written notice of its
39 determination of a deficiency by mail, and the deficiency, plus penalties
40 and interest, is final forty-five days from the date of receipt of the
41 notice to the taxpayer unless an appeal is taken to the department. For
42 individual income tax the period is ninety days from the date of mailing.
43 In the case of a joint income tax return, the notice may be a single joint
44 notice mailed to the last known address, but if either spouse notifies the

1 department that separate residences have been established, the department
2 shall mail duplicate originals of the joint notice to each spouse.

3 C. If a deficiency is determined and the assessment becomes final,
4 the department shall mail notice and demand to the taxpayer for the
5 payment of the deficiency. Notwithstanding section 42-1125, subsection E,
6 the deficiency assessed is due and payable at the expiration of ten days
7 from the date of the notice and demand.

8 D. A certificate by the department of the mailing of the notices
9 specified in this section is prima facie evidence of the assessment of the
10 deficiency and the giving of the notices.

11 E. Any amount of tax in excess of that disclosed by the return due
12 to a ~~mathematical error or failure of the taxpayer to properly compute the~~
13 ~~liability based on the taxable income reported on the return~~ NONAUDIT
14 ADJUSTMENT, AS LISTED IN SUBSECTION F OF THIS SECTION, notice of which has
15 been mailed to the taxpayer, is not a deficiency assessment within the
16 meaning of this section. The taxpayer may not protest or appeal as in the
17 case of a deficiency assessment, based on such notice, and the assessment
18 or collection of the amount of tax erroneously omitted in the return is
19 not prohibited by this article.

20 F. AN ADJUSTMENT DUE TO ANY OF THE FOLLOWING IS CONSIDERED A
21 NONAUDIT ADJUSTMENT:

22 1. AN ADDITION, SUBTRACTION, MULTIPLICATION, DIVISION OR OTHER
23 MATHEMATICAL ERROR SHOWN ON ANY RETURN.

24 2. THE FAILURE OF THE TAXPAYER TO PROPERLY COMPUTE THE TAX
25 LIABILITY BASED ON THE TAXABLE INCOME REPORTED ON THE RETURN.

26 3. AN INCORRECT USAGE OR SELECTION OF INFORMATION FOR A FILED
27 RETURN FROM TAX TABLES, SCHEDULES OR SIMILAR DOCUMENTS PROVIDED BY THE
28 DEPARTMENT IF THE INCORRECT USAGE IS APPARENT FROM THE EXISTENCE OF OTHER
29 INFORMATION ON THE RETURN.

30 4. AN ENTRY ON A RETURN THAT IS INCONSISTENT WITH AN ENTRY ON A
31 SCHEDULE, FORM, STATEMENT, LIST OR OTHER DOCUMENT FILED WITH THE RETURN.

32 5. AN OMISSION OF INFORMATION REQUIRED ON THE RETURN TO
33 SUBSTANTIATE AN ENTRY.

34 6. AN ENTRY ON A RETURN OF A DEDUCTION OR CREDIT IN AN AMOUNT THAT
35 EXCEEDS A STATUTORY LIMIT IF THE LIMIT IS A MONETARY FIGURE, A PERCENTAGE,
36 A RATIO OR A FRACTION AND THE ITEMS ENTERED INTO THE APPLICATION OF THIS
37 LIMIT APPEAR ON THE RETURN, INCLUDING CLAIMING A DEDUCTION OR CREDIT THAT
38 IS NOT AUTHORIZED BY STATUTE FOR THE TAXABLE PERIOD.

39 7. MISSING OR INCORRECT TAXPAYER IDENTIFICATION NUMBERS FOR THE
40 PURPOSES OF CLAIMING PERSONAL EXEMPTIONS, DEPENDENTS OR CREDITS.

41 8. AN ENTRY OF A CREDIT OR DEDUCTION THAT REQUIRES A PREAPPROVAL IF
42 THE CREDIT OR DEDUCTION HAS NOT BEEN PREAPPROVED OR IF THE ENTRY IS FOR
43 MORE THAN THE PREAPPROVED AMOUNT.

44 9. AN ENTRY OF A CREDIT OR DEDUCTION AMOUNT CARRIED FORWARD FROM A
45 PRIOR YEAR THAT IS OUTSIDE OF THE STATUTORY PERIOD ALLOWED FOR THE

1 CARRYFORWARD OR IS FOR AN AMOUNT THAT IS INCONSISTENT WITH THE TAXPAYER'S
2 PRIOR YEAR RETURNS.

3 Sec. 3. Section 42-1125, Arizona Revised Statutes, is amended to
4 read:

5 42-1125. Civil penalties; definition

6 A. If a taxpayer fails to make and file a return for a tax
7 administered pursuant to this article on or before the due date of the
8 return or the due date as extended by the department, unless it is shown
9 that the failure is due to reasonable cause and not due to wilful neglect,
10 four and one-half percent of the tax required to be shown on such return
11 shall be added to the tax for each month or fraction of a month elapsing
12 between the due date of the return and the date on which it is filed. The
13 total penalty shall not exceed twenty-five percent of the tax found to be
14 remaining due. The penalty so added to the tax is due and payable on
15 notice and demand from the department. For the purpose of computing the
16 penalty imposed under this subsection, the amount required to be shown as
17 tax on a return shall be reduced by the amount of any part of the tax that
18 is paid on or before the beginning of such month and by the amount of any
19 credit against the tax that may be claimed on the return. If the amount
20 required to be shown as tax on a return is less than the amount shown as
21 tax on such return, the penalty described in this subsection shall be
22 applied by substituting such lower amount.

23 B. If a taxpayer fails or refuses to file a return on notice and
24 demand by the department, the taxpayer shall pay a penalty of twenty-five
25 percent of the tax, which is due and payable on notice and demand by the
26 department, in addition to any penalty prescribed by subsection A of this
27 section, unless it is shown that the failure is due to reasonable cause
28 and not due to wilful neglect. This penalty is payable on notice and
29 demand from the department.

30 C. If a taxpayer fails or refuses to furnish any information
31 requested in writing by the department, the department may add a penalty
32 of twenty-five percent of the amount of any deficiency tax assessed by the
33 department concerning the assessment of which the information was
34 required, unless it is shown that the failure is due to reasonable cause
35 and not due to wilful neglect.

36 D. If a person fails to pay the amount shown as tax on any return
37 within the time prescribed, a penalty of one-half of one percent, not to
38 exceed a total of ten percent, shall be added to the amount shown as tax
39 for each month or fraction of a month during which the failure continues,
40 unless it is shown that the failure is due to reasonable cause and not due
41 to wilful neglect. If the department determines that the person's failure
42 to pay was due to reasonable cause and not due to wilful neglect and that
43 a payment agreement pursuant to section 42-2057 is appropriate, the
44 department shall not impose the penalty unless the taxpayer fails to
45 comply with the payment agreement. If the taxpayer is also subject to a

1 penalty under subsection A of this section for the same tax period, the
2 total penalties under subsection A of this section and this subsection
3 shall not exceed twenty-five percent. For the purpose of computing the
4 penalty imposed under this subsection:

5 1. The amount shown as tax on a return shall be reduced by the
6 amount of any part of the tax that is paid on or before the beginning of
7 that month and by the amount of any credit against the tax that may be
8 claimed on the return.

9 2. If the amount shown as tax on a return is greater than the
10 amount required to be shown as tax on that return, the penalty shall be
11 applied by substituting the lower amount.

12 E. If a person fails to pay any amount required to be shown on any
13 return that is not so shown within twenty-one calendar days after the date
14 of notice and demand, a penalty of one-half of one percent, not to exceed
15 a total of ten percent, shall be added to the amount of tax for each month
16 or fraction of a month during which the failure continues, unless it is
17 shown that the failure is due to reasonable cause and not due to wilful
18 neglect. If the taxpayer is also subject to penalty under subsection A of
19 this section for the same tax period, the total penalties under subsection
20 A of this section and this subsection shall not exceed twenty-five
21 percent. For the purpose of computing the penalty imposed under this
22 subsection, any amount required to be shown on any return shall be reduced
23 by the amount of any part of the tax that is paid on or before the
24 beginning of that month and by the amount of any credit against the tax
25 that may be claimed on the return.

26 F. In the case of a deficiency, for which a determination is made
27 of an additional amount due, that is due to negligence but without intent
28 to defraud, the person shall pay a penalty of ten percent of the amount of
29 the deficiency.

30 G. If part of a deficiency is due to fraud with intent to evade
31 tax, fifty percent of the total amount of the tax, in addition to the
32 deficiency, interest and other penalties provided in this section, shall
33 be assessed, collected and paid as if it were a deficiency.

34 H. If the amount, whether determined by the department or the
35 taxpayer, required to be withheld by the employer pursuant to title 43,
36 chapter 4 is not paid to the department on or before the date prescribed
37 for its remittance, the department may add a penalty of twenty-five
38 percent of the amount required to be withheld and paid, unless it is shown
39 that the failure is due to reasonable cause and not due to wilful neglect.

40 I. A person who, with or without intent to evade any requirement of
41 this article or any lawful administrative rule of the department of
42 revenue under this article, fails to file a return or to supply
43 information required under this article or who, with or without such
44 intent, makes, prepares, renders, signs or verifies a false or fraudulent
45 return or statement or supplies false or fraudulent information shall pay

1 a penalty of not more than one thousand dollars. This penalty shall be
2 recovered by the department of law in the name of this state by an action
3 in any court of competent jurisdiction.

4 J. If the taxpayer files what purports to be a return of any tax
5 administered pursuant to this article but that is frivolous or that is
6 made with the intent to delay or impede the administration of the tax
7 laws, that person shall pay a penalty of five hundred dollars.

8 K. If any person who is required to file or provide an information
9 return under this title or title 43 or who is required to file or provide
10 a return or report under chapter 3 of this title fails to file the return
11 or report at the prescribed time or in the manner required, or files a
12 return or report that fails to show the information required, that person
13 shall pay a penalty of one hundred dollars for each month or fraction of a
14 month during which the failure continues unless it is shown that the
15 failure is due to reasonable cause and not due to wilful neglect. The
16 total penalties for each return or report under this subsection shall not
17 exceed five hundred dollars.

18 L. If it appears to the superior court that proceedings before it
19 have been instituted or maintained by a taxpayer primarily for delay or
20 that the taxpayer's position is frivolous or groundless, the court may
21 award damages in an amount not to exceed one thousand dollars to this
22 state. Damages so awarded shall be collected as a part of the tax.

23 M. A person who is required under section 43-413 to furnish a
24 statement to an employee and who wilfully furnishes a false or fraudulent
25 statement, or who wilfully fails to furnish a statement required by
26 section 43-413, is for each such failure subject to a penalty of fifty
27 dollars.

28 N. A person who is required to collect or truthfully account for
29 and pay a tax administered pursuant to this article, including any luxury
30 privilege tax, and who wilfully fails to collect the tax or truthfully
31 account for and pay the tax, or wilfully attempts in any manner to evade
32 or defeat the tax or its payment, is, in addition to other penalties
33 provided by law, liable for a penalty equal to the total amount of the tax
34 evaded, not collected or not accounted for and paid. Except as provided
35 in subsections U, V and W of this section, no other penalty under this
36 section relating to failure to pay tax may be imposed for any offense to
37 which this subsection applies.

38 O. For reporting periods beginning from and after February 28,
39 2011, if a taxpayer who is required under section 42-1129 to make payment
40 by electronic funds transfer fails to do so, that taxpayer shall pay a
41 penalty of five percent of the amount of the payment not made by
42 electronic funds transfer unless it is shown that the failure is due to
43 reasonable cause and not due to wilful neglect. For the reporting periods
44 beginning on July 1, 2015, the penalty in this subsection applies to any
45 taxpayer who is required under section 42-3053 to make payment by

1 electronic funds transfer and fails to do so unless it is shown that the
2 failure is due to reasonable cause and not due to wilful neglect.

3 P. Unless due to reasonable cause and not to wilful neglect:

4 1. A person who fails to provide that person's taxpayer
5 identification number in any return, statement or other document as
6 required by section 42-1105, subsection A shall pay a penalty of five
7 dollars for each such failure.

8 2. A person, when filing any return, statement or other document
9 for compensation on behalf of a taxpayer, who fails to include that
10 person's own taxpayer identification number and the taxpayer's
11 identification number shall pay a penalty of fifty dollars for each such
12 failure.

13 3. A person, when filing any return, statement or other document
14 without compensation on behalf of a taxpayer, who fails to include that
15 person's own taxpayer identification number and the taxpayer's
16 identification number is not subject to a penalty.

17 No other penalty under this section may be imposed if the only violation
18 is failure to provide taxpayer identification numbers.

19 Q. If a taxpayer fails to pay the full amount of estimated tax
20 required by title 43, chapter 5, article 6, a penalty is assessed equal to
21 the amount of interest that would otherwise accrue under section 42-1123
22 on the amount not paid for the period of nonpayment, not exceeding ten
23 percent of the amount not paid. The penalty prescribed by this subsection
24 is in lieu of any other penalty otherwise prescribed by this section and
25 in lieu of interest prescribed by section 42-1123.

26 R. Beginning January 1, 2015, if a taxpayer continues in business
27 without timely renewing a municipal privilege tax license as prescribed in
28 section 42-5005, subsection D, a civil penalty of up to twenty-five
29 dollars shall be added to the renewal fee for each jurisdiction.

30 S. The department of law, with the consent of the department of
31 revenue, may compromise any penalty for which it may bring an action under
32 this section.

33 T. Penalties shall not be assessed under subsection D of this
34 section on additional amounts of tax paid by a taxpayer at the time the
35 taxpayer voluntarily files an amended return. This subsection does not
36 apply if:

37 1. The taxpayer is under audit by the department.

38 2. The amended return was filed on demand or request by the
39 department.

40 U. In addition to other penalties provided by law, a person who
41 knowingly and intentionally does not comply with any requirement under
42 chapter 3 of this title relating to cigarettes shall pay a penalty of one
43 thousand dollars. A person who knowingly and intentionally does not pay
44 any luxury tax that relates to cigarettes imposed by chapter 3 of this

1 title shall pay a penalty that is equal to ten percent of the amount of
2 the unpaid tax.

3 V. A manufacturer or importer or a distributor, as defined in
4 section 42-3001, who knowingly and intentionally sells or possesses
5 cigarettes with false manufacturing labels or cigarettes with counterfeit
6 tax stamps, or who obtains cigarettes through the use of a counterfeit
7 license, shall pay the following penalties:

8 1. For a first violation involving two thousand or more cigarettes,
9 one thousand dollars.

10 2. For a subsequent violation involving two thousand or more
11 cigarettes, five thousand dollars.

12 W. The civil penalties in this section are in addition to any civil
13 penalty under chapter 3, article 10, 11 or 12 of this title.

14 X. NOTWITHSTANDING SUBSECTION A OF THIS SECTION, THE PENALTY
15 IMPOSED ON A TAXPAYER THAT FAILS TO MAKE AND FILE A RETURN FOR TAX
16 ADMINISTERED PURSUANT TO CHAPTER 5 OR 6 OF THIS TITLE ON OR BEFORE THE DUE
17 DATE OF THE RETURN OR THE DUE DATE AS EXTENDED BY THE DEPARTMENT, UNLESS
18 IT IS SHOWN THAT THE FAILURE IS DUE TO A REASONABLE CAUSE AND NOT DUE TO
19 WILFUL NEGLIGENCE, IS FOUR AND ONE-HALF PERCENT OF THE TAX REQUIRED TO BE
20 SHOWN ON THE RETURN, OR TWENTY-FIVE DOLLARS, WHICHEVER IS GREATER. THE
21 PENALTY SHALL BE ADDED TO THE TAX FOR EACH MONTH OR FRACTION OF A MONTH
22 ELAPSING BETWEEN THE DUE DATE OF THE RETURN AND THE DATE ON WHICH IT IS
23 FILED. THE TOTAL PENALTY MAY NOT EXCEED TWENTY-FIVE PERCENT OF THE TAX
24 FOUND TO BE REMAINING DUE, OR ONE HUNDRED DOLLARS, WHICHEVER IS GREATER.

25 Y. NOTWITHSTANDING SUBSECTION B OF THIS SECTION, THE PENALTY
26 IMPOSED ON A TAXPAYER THAT FAILS TO FILE A RETURN PURSUANT TO CHAPTER 5 OR
27 6 OF THIS TITLE ON NOTICE AND DEMAND BY THE DEPARTMENT IS TWENTY-FIVE
28 PERCENT OF THE TAX, OR ONE HUNDRED DOLLARS, WHICHEVER IS GREATER. THE
29 PENALTY IS DUE AND PAYABLE ON NOTICE AND DEMAND BY THE DEPARTMENT, IN
30 ADDITION TO ANY PENALTY PRESCRIBED BY SUBSECTION A OF THIS SECTION, UNLESS
31 IT IS SHOWN THAT THE FAILURE IS DUE TO A REASONABLE CAUSE AND NOT DUE TO
32 WILFUL NEGLIGENCE.

33 ~~Z.~~ Z. For the purposes of this section, and only as applied to the
34 taxes imposed by chapter 5, articles 1 through 6 and chapter 6, articles
35 1, 2 and 3 of this title, "reasonable cause" means a reasonable basis for
36 the taxpayer to believe that the tax did not apply to the business
37 activity or the storage, use or consumption of the taxpayer's tangible
38 personal property in this state.

39 Sec. 4. Section 42-1126, Arizona Revised Statutes, is amended to
40 read:

41 42-1126. Fee for bad checks

42 The department may charge and collect a fee of ~~twenty-five~~ FIFTY
43 dollars from a taxpayer that offers a check, draft, negotiable order of
44 withdrawal or similar instrument, or an electronic funds transfer,
45 automated clearing house debit or automated clearing house credit drawn on

1 a bank or other depository institution in full or partial payment of a tax
2 administered pursuant to this article if the instrument, transfer, debit
3 or credit is not paid or is dishonored by the institution.

4 Sec. 5. Section 42-1127, Arizona Revised Statutes, is amended to
5 read:

6 42-1127. Criminal violation; classification; place of trial;
7 definition

8 A. It is a class 4 felony to:

9 1. Corruptly or by force or threats of force or injury:

10 (a) Attempt to intimidate, impede or injure an employee of the
11 department acting in an official capacity.

12 (b) Obstruct, impede or attempt to obstruct or impede the
13 administration of this title or title 43.

14 2. Attempt by means of bribery, misrepresentation, intimidation or
15 force or threats of force to obstruct, delay or prevent the communication
16 of information or testimony relating to a violation of this title or title
17 43 to an employee or officer of the department, or knowingly injure
18 another personally or injure the person's property on account of the
19 person giving, personally or by any other person, any such information or
20 testimony to an employee of the department.

21 3. Make, forge, alter or counterfeit with the intent to defraud a
22 stamp or meter impression prepared or prescribed by the department under
23 chapter 3 of this title, or to knowingly utter, publish, pass or tender as
24 true a false, altered, forged or counterfeited stamp or meter impression,
25 or to use a stamp provided for and required by chapter 3 of this title
26 which has already once been used, with the intent to evade the tax imposed
27 by chapter 3 of this title.

28 4. Tamper with, or cause to be tampered with, any metering machine
29 authorized to be used under chapter 3 of this title.

30 B. A FIRST-TIME VIOLATION OF THIS SUBSECTION MAY BE DESIGNATED AS A
31 CLASS 1 MISDEMEANOR, BUT OTHERWISE it is a class 5 felony to:

32 1. Knowingly fail to pay any tax administered pursuant to this
33 article due or believed due by the taxpayer with intent to evade the tax.

34 2. Knowingly prepare, present or aid, procure or advise in
35 preparing or presenting any return, affidavit, claim or other document
36 which is fraudulent or is false as to any material matter, whether or not
37 the falsity or fraud is with the knowledge or consent of the taxpayer
38 authorized or required to present the return, affidavit, claim or
39 document.

40 3. Simulate or falsely or fraudulently execute or sign any license
41 or other required document, or cause the license or document to be falsely
42 or fraudulently executed or advise or aid in such execution, with the
43 intent to conceal or cover up a material fact relating to a tax
44 administered pursuant to this article.

1 4. Knowingly fail to file a return or supply required information,
2 or falsify or conceal a material fact, document or record, make a false,
3 fictitious or fraudulent statement or representation or make or use a
4 false writing or document knowing it to contain a false, fictitious or
5 fraudulent statement or entry, with intent that the department rely on the
6 false, fictitious or fraudulent statement or entry in determining tax
7 liability under this article.

8 C. A distributor as defined in section 42-3001 who violates section
9 42-3452, subsection A, paragraph 2 is guilty of a class 1 misdemeanor. If
10 the distributor is convicted of a second violation of section 42-3452,
11 subsection A, paragraph 2, the department may revoke the distributor's
12 license issued pursuant to section 42-3401.

13 D. A distributor as defined in section 42-3001 who violates any
14 provision of section 42-3401, section 42-3452, subsection A, paragraph 1
15 or section 42-3456 is guilty of a class 1 misdemeanor. If the distributor
16 is a licensee under section 42-3401 and is convicted of a second violation
17 of section 42-3456, the department may revoke the distributor's license.

18 E. It is a class 3 felony for any person to:

19 1. Except as provided in section 42-3457, transport, in an
20 unstamped or unlawfully stamped condition, for the purpose of sale ten
21 thousand or more cigarettes that were subject to the tax imposed by
22 chapter 3, article 2, 6, 7 or 9 of this title.

23 2. Wilfully sell or offer for sale, in an unstamped or unlawfully
24 stamped condition, ten thousand or more cigarettes that were subject to
25 the tax imposed by chapter 3, article 2, 6 or 7 of this title.

26 3. Wilfully sell or offer for sale off an Indian reservation ten
27 thousand or more cigarettes that are stamped for on-reservation sales.

28 F. For the purposes of subsection E of this section, the possession
29 or transportation in this state at any time by any person, other than a
30 licensed distributor, as defined in section 42-3001, of ten thousand or
31 more cigarettes in an unstamped or unlawfully stamped condition, other
32 than in interstate shipment consistent with federal contraband cigarette
33 trafficking laws (18 United States Code chapter 114), is presumptive
34 evidence that the cigarettes:

35 1. Are possessed or transported for the purpose of sale.

36 2. Are subject to the taxes imposed by chapter 3, article 2, 6, 7
37 or 9 of this title.

38 G. A person who knowingly sells a luxury on which the tax has not
39 been paid or accounted for as required by chapter 3 of this title is
40 guilty of a class 1 misdemeanor.

41 H. A retailer who possesses any package, bottle or other container
42 containing a luxury which does not bear the stamps required to be affixed
43 by chapter 3 of this title is guilty of a class 1 misdemeanor.

- 1 I. A person is guilty of a class 3 misdemeanor who:
- 2 1. Is engaged in the business of selling a luxury, either at
- 3 wholesale or retail, and who knowingly refuses or fails to produce on
- 4 demand by the department invoices of all luxuries the person purchased or
- 5 received within two years immediately before the demand, unless the person
- 6 shows by satisfactory proof that the person is unable to do so for reasons
- 7 beyond the person's control.
- 8 2. Makes a false entry on an invoice, package or container of
- 9 luxuries, or who with intent to avoid the taxes imposed by chapter 3 of
- 10 this title presents a false entry for inspection of the department.
- 11 3. Knowingly prevents or hinders the department from making a full
- 12 inspection of any place where a luxury is sold or stored, or knowingly
- 13 prevents or hinders the inspection of invoices, books, records or papers
- 14 required to be kept.
- 15 4. Violates any provision of this article or an administrative rule
- 16 adopted by the department for which no other penalty is prescribed.
- 17 J. The place of trial for the offenses enumerated in this section
- 18 is in the county of residence or principal place of business of the
- 19 defendant or defendants. If the defendant has no residence or principal
- 20 place of business in this state, the trial shall be held in Maricopa
- 21 county.
- 22 K. A person who defrauds this state by violating any requirement
- 23 under chapter 3 of this title, with criminal intent to evade any such
- 24 requirement, is guilty of a class 4 felony and shall pay a penalty of
- 25 three times the retail value of the cigarettes involved.
- 26 L. A person who knowingly violates any requirement under chapter 3
- 27 of this title, with the criminal intent to evade any such requirement, is
- 28 guilty of a class 6 felony.
- 29 M. A person who knowingly sells or offers to sell off an Indian
- 30 reservation more than two thousand but less than ten thousand cigarettes
- 31 that are stamped for on-reservation sales, with the criminal intent to
- 32 evade the tax imposed by chapter 3 of this title, is guilty of a class 5
- 33 felony.
- 34 N. Any distributor, as defined in section 42-3001, who sells or
- 35 possesses more than two thousand cigarettes with false manufacturing
- 36 labels or cigarettes with counterfeit tax stamps, with the criminal intent
- 37 to evade any requirement under chapter 3 of this title, is guilty of a
- 38 class 5 felony and shall pay a penalty of:
- 39 1. For a first violation involving two thousand or more cigarettes,
- 40 two thousand dollars or three times the retail value of the cigarettes,
- 41 whichever is greater.
- 42 2. For a subsequent violation involving two thousand or more
- 43 cigarettes, fifty thousand dollars or three times the retail value of the
- 44 cigarettes, whichever is greater.

1 0. For the purposes of this section, "luxury" means any article,
2 object or device on which a tax is imposed under chapter 3 of this title.

3 Sec. 6. Section 42-1129, Arizona Revised Statutes, is amended to
4 read:

5 42-1129. Payment of tax by electronic funds transfer

6 A. The department may require by rule, consistent with the state
7 treasurer's cash management policies, that ~~any taxpayer that owed twenty~~
8 ~~thousand dollars or more for the preceding taxable year in connection with~~
9 any tax administered pursuant to this article, except individual income
10 tax, ~~shall pay the tax liability~~ BE PAID on or before the payment date
11 prescribed by law in monies that are immediately available to the state on
12 the date of the transfer as provided by subsection B of this section BY
13 ANY TAXPAYER THAT OWES:

14 1. TWENTY THOUSAND DOLLARS OR MORE FOR ANY TAXABLE YEAR ENDING
15 BEFORE JANUARY 1, 2019.

16 2. TEN THOUSAND DOLLARS OR MORE FOR ANY TAXABLE YEAR BEGINNING FROM
17 AND AFTER DECEMBER 31, 2018 THROUGH DECEMBER 31, 2019.

18 3. FIVE THOUSAND DOLLARS OR MORE FOR ANY TAXABLE YEAR BEGINNING
19 FROM AND AFTER DECEMBER 31, 2019 THROUGH DECEMBER 31, 2020.

20 4. FIVE HUNDRED DOLLARS OR MORE FOR ANY TAXABLE YEAR BEGINNING FROM
21 AND AFTER DECEMBER 31, 2020.

22 B. A payment in immediately available monies shall be made by
23 electronic funds transfer, with the state treasurer's approval, that
24 ensures the availability of the monies to this state on the date of
25 payment.

26 C. A TAXPAYER MAY APPLY TO THE DIRECTOR, ON A FORM PRESCRIBED BY
27 THE DEPARTMENT, FOR AN ANNUAL WAIVER FROM THE ELECTRONIC PAYMENT
28 REQUIREMENT PRESCRIBED BY SUBSECTION B OF THIS SECTION. THE APPLICATION
29 MUST BE RECEIVED BY THE DEPARTMENT ON OR BEFORE DECEMBER 31. THE DIRECTOR
30 MAY GRANT THE WAIVER, WHICH MAY BE RENEWED, IF ANY OF THE FOLLOWING
31 APPLIES:

32 1. THE TAXPAYER HAS NO COMPUTER.

33 2. THE TAXPAYER HAS NO INTERNET ACCESS.

34 3. ANY OTHER CIRCUMSTANCE CONSIDERED TO BE WORTHY BY THE DIRECTOR.

35 ~~C.~~ D. The taxpayer shall furnish evidence as prescribed by the
36 department that the payment was remitted on or before the due date.

37 ~~D.~~ E. A taxpayer who is required to make payment by electronic
38 funds transfer but who fails to do so is subject to the civil penalties
39 prescribed by section 42-1125, subsection 0.

40 ~~E.~~ F. A failure to make a timely payment in immediately available
41 monies as prescribed pursuant to this section is subject to the civil
42 penalties prescribed by section 42-1125, subsection D.

1 Sec. 7. Section 42-2075, Arizona Revised Statutes, is amended to
2 read:

3 42-2075. Audit duration

4 A. An audit of a taxpayer's return or claim for refund shall not
5 exceed two years from the date of initial audit contact to the issuance of
6 a notice of proposed deficiency assessment or proposed overpayment,
7 except:

8 1. An audit of a fraudulent tax return.

9 2. An audit delayed as the result of the taxpayer's bankruptcy
10 proceeding.

11 3. An audit in which the department has issued a letter to the
12 taxpayer or the taxpayer's representative citing the potential imposition
13 of the penalty described in section 42-1125, subsection C for the
14 taxpayer's failure or refusal to provide information pursuant to the
15 department's written request.

16 4. An audit involving proceedings concerning the enforcement or
17 validity of a subpoena or subpoena duces tecum issued pursuant to section
18 42-1006, subsection C.

19 5. An audit involving a proceeding under section 42-2056.

20 6. An audit ~~where~~ IN WHICH a taxpayer has filed a petition pursuant
21 to section 43-1148, but only in relation to the effect of the petition
22 request.

23 7. An audit in which the taxpayer provides a written request to
24 extend the audit beyond the two-year period. A request for extension
25 under this paragraph is not a substitute for a waiver of the statute of
26 limitations pursuant to section 42-1104, subsection B, paragraph 9.
27 However, a waiver of the statute of limitations is considered to be a
28 written request to extend the audit beyond the two-year period under this
29 paragraph.

30 B. This section applies to audits conducted by the department and
31 to audits conducted by the department and cities and towns pursuant to
32 section 42-6002.

33 C. For the purposes of SUBSECTION A OF this section, AN ~~initial~~
34 audit contact ~~means~~ OCCURS:

35 1. For a field audit, ON the date of the first meeting between the
36 taxpayer or the taxpayer's representative and a member of the department's
37 audit staff.

38 2. For a desk or office audit or a review conducted pursuant to
39 section 42-1109, ON the date of the first letter to the taxpayer regarding
40 the audit or review. A LETTER IS NOT CONSIDERED TO BE REGARDING THE AUDIT
41 OR REVIEW IF THE LETTER IS ONLY REQUESTING ONE OR MORE OF THE FOLLOWING:

42 (a) THE REQUIRED FILING OF A TAX RETURN.

43 (b) A COPY OF THE TAXPAYER'S FEDERAL RETURN.

1 (c) REQUIRED DOCUMENTS THAT THE TAXPAYER FAILED TO INCLUDE WITH THE
2 RETURN.

3 (d) DOCUMENTATION TO RESOLVE AN INCONSISTENCY WITHIN THE RETURN OR
4 A DISCREPANCY BETWEEN THE RETURN AND OTHER INFORMATION THAT IS RECEIVED
5 FROM A THIRD PARTY OR THAT IS OTHERWISE ALREADY IN THE DEPARTMENT'S
6 POSSESSION, IF THE ADJUSTMENT OF THE RETURN DUE TO THE INCONSISTENCY OR
7 DISCREPANCY WOULD BE CONSIDERED A NONAUDIT ADJUSTMENT UNDER SECTION
8 42-1108, SUBSECTION F.

9 (e) INFORMATION THAT WAS LEFT OUT OF THE TAXPAYER'S RETURN BECAUSE
10 A SUBMITTED FORM WAS INCOMPLETE.

11 (f) REPLACEMENTS FOR DOCUMENTS THAT ARE NOT LEGIBLE.

12 Sec. 8. Section 42-3053, Arizona Revised Statutes, is amended to
13 read:

14 42-3053. Method of payment; receipts; electronic filings of
15 returns, reports and other documents; license
16 applications and requests for refund or rebate;
17 definition

18 A. ALL ORDERS FOR THE PURCHASE OR RECEIPT OF TAX STAMPS REQUIRED
19 UNDER THIS CHAPTER MUST BE SUBMITTED PURSUANT TO AN ELECTRONIC FILING
20 PROGRAM ESTABLISHED BY THE DEPARTMENT. Except as provided in subsection B
21 of this section, all remittances of taxes for the purchase of Arizona tax
22 stamps imposed by this chapter shall be made by ~~bank draft, check,~~
23 ~~cashier's check, money order, cash or~~ electronic FUNDS transfer to the
24 department, which shall issue receipts to the taxpayers IN MONIES THAT ARE
25 IMMEDIATELY AVAILABLE TO THIS STATE ON THE DATE OF TRANSFER. A remittance
26 other than cash does not constitute a final discharge of liability for the
27 tax levied by this chapter until it has been paid in cash to the
28 department.

29 B. ~~Beginning on July 1, 2015,~~ Any distributor remitting ANY taxes
30 levied UNDER SECTION 42-3302 OR under this chapter on any tobacco product
31 other than cigarettes that is subject to tax under this chapter is
32 required to pay the tax liability on or before the payment date in monies
33 that are immediately available to ~~the~~ THIS state on the date of transfer.
34 The payment in immediately available monies must be made by electronic
35 funds transfer and with the state treasurer's approval. The distributor
36 must furnish evidence as prescribed by the department that the payment was
37 remitted on or before the payment due date. ~~A distributor who is required~~
38 ~~to make payment by electronic funds transfer under this chapter and who~~
39 ~~fails to do so is subject to the civil penalties prescribed by section~~
40 ~~42-1125, subsection 0. A distributor who fails to make a timely payment~~
41 ~~in immediately available monies as prescribed by this subsection is~~
42 ~~subject to civil penalties prescribed by section 42-1125, subsection D.~~

43 C. ~~Beginning on July 1, 2015, a distributor of tobacco products A~~
44 PERSON is required to electronically file any report, ~~or~~ return OR OTHER
45 DOCUMENT required under this chapter pursuant to an electronic filing

1 program established by the department. The report, or return OR OTHER
2 DOCUMENT is deemed filed and received by the department on the date of the
3 electronic postmark pursuant to section 42-1105.02. ~~A distributor who is~~
4 ~~required to electronically file any report or return under this chapter~~
5 ~~and fails to do so is subject to the civil penalty prescribed by section~~
6 ~~42-1125, subsection K. For the purposes of this subsection, "electronic~~
7 ~~filing program" has the same meaning prescribed in section 42-1105.02.~~

8 D. AN APPLICATION FOR A LICENSE ISSUED PURSUANT TO SECTION 42-3401
9 AND ANY REQUEST FOR A REFUND OR REBATE OF TAXES PAID ON TOBACCO PRODUCTS
10 MADE PURSUANT TO SECTION 42-3406 MUST BE SUBMITTED PURSUANT TO AN
11 ELECTRONIC FILING PROGRAM ESTABLISHED BY THE DEPARTMENT. THE APPLICATION
12 OR REQUEST IS CONSIDERED TO BE FILED AND RECEIVED BY THE DEPARTMENT ON THE
13 DATE OF THE ELECTRONIC POSTMARK PURSUANT TO SECTION 42-1105.02. THE
14 DEPARTMENT MAY NOT CONSIDER APPLICATIONS OR REQUESTS THAT FAIL TO COMPLY
15 WITH THIS SUBSECTION. AN APPLICANT SHALL PAY THE APPLICATION FEE REQUIRED
16 UNDER SECTION 42-3401 TO THE DEPARTMENT BY ELECTRONIC FUNDS TRANSFER.

17 E. A DISTRIBUTOR WHO IS REQUIRED TO MAKE PAYMENT BY ELECTRONIC
18 FUNDS TRANSFER UNDER THIS CHAPTER AND WHO FAILS TO DO SO IS SUBJECT TO THE
19 CIVIL PENALTIES PRESCRIBED BY SECTION 42-1125, SUBSECTION O. A
20 DISTRIBUTOR WHO FAILS TO MAKE A TIMELY PAYMENT IN IMMEDIATELY AVAILABLE
21 MONIES AS PRESCRIBED BY THIS SECTION IS SUBJECT TO CIVIL PENALTIES
22 PRESCRIBED BY SECTION 42-1125, SUBSECTION D. A PERSON WHO IS REQUIRED TO
23 ELECTRONICALLY FILE ANY REPORT, RETURN OR DOCUMENT UNDER THIS CHAPTER BUT
24 FAILS TO DO SO IS SUBJECT TO THE CIVIL PENALTY PRESCRIBED BY SECTION
25 42-1125, SUBSECTION K.

26 F. FOR THE PURPOSES OF THIS SECTION, "ELECTRONIC FILING PROGRAM"
27 HAS THE SAME MEANING PRESCRIBED IN SECTION 42-1105.02.

28 Sec. 9. Section 42-3352, Arizona Revised Statutes, is amended to
29 read:

30 42-3352. Reports of distillers and manufacturers

31 A. Every distiller or manufacturer of distilled spirits and vinous
32 and malt liquors ~~who~~ THAT sells any of those products to wholesalers
33 within this state shall, ~~at the time of making the sale, file with the~~
34 ~~department~~ MAINTAIN IN ITS RECORDS a copy of the invoice of the sale,
35 showing in detail:

- 36 1. The kind of liquor or beverage sold.
- 37 2. The quantities of each.
- 38 3. The size of the container and the weight of the contents.
- 39 4. The alcoholic content ~~where~~ IF required by section 42-3052.
- 40 5. The name of the person, firm or corporation to whom sold.

41 B. A DISTILLER OR MANUFACTURER SHALL MAKE THE INVOICES REQUIRED TO
42 BE KEPT PURSUANT TO SUBSECTION A OF THIS SECTION AVAILABLE TO THE
43 DEPARTMENT ON REQUEST.

1 Sec. 10. Section 42-3353, Arizona Revised Statutes, is amended to
2 read:

3 42-3353. Return and payment by cider or malt liquor
4 wholesalers

5 A. Every wholesaler of cider or malt liquors purchasing cider or
6 malt liquors for resale within the state shall pay the tax under this
7 chapter on all such liquors so purchased and add the amount of the tax to
8 the sales price.

9 B. The wholesaler shall pay the tax to the department monthly on or
10 before the twentieth day of the month next succeeding the month in which
11 the tax accrues.

12 C. On or before the date prescribed by subsection B of this
13 section, the wholesaler shall prepare a sworn return for the month in
14 which the tax accrues in the form prescribed by the department, showing:

15 1. The amount of cider or malt liquors purchased during the month
16 in which the tax accrues.

17 2. The amount of tax for the period covered by the return.

18 3. Any other information that the department deems necessary for
19 the proper administration of this chapter.

20 D. The taxpayer shall deliver the return, together with a
21 remittance of the amount of the tax due, to the department.

22 E. Any taxpayer ~~who~~ THAT fails to pay the tax within ten days from
23 the date ~~upon~~ ON which the payment becomes due ~~shall be~~ IS subject to and
24 shall pay a penalty determined under section 42-1125, plus interest at the
25 rate determined pursuant to section 42-1123 from the time the tax was due
26 and payable until paid.

27 F. FOR REPORTING PERIODS BEGINNING FROM AND AFTER DECEMBER 31,
28 2019, OR WHEN THE DEPARTMENT HAS ESTABLISHED AN ELECTRONIC FILING PROGRAM,
29 WHICHEVER IS LATER, A TAXPAYER SHALL FILE ELECTRONICALLY ANY REPORT OR
30 RETURN REQUIRED UNDER THIS CHAPTER. THE REPORT OR RETURN IS CONSIDERED TO
31 BE FILED AND RECEIVED BY THE DEPARTMENT ON THE DATE OF THE ELECTRONIC
32 POSTMARK PURSUANT TO SECTION 42-1105.02.

33 Sec. 11. Section 42-3354, Arizona Revised Statutes, is amended to
34 read:

35 42-3354. Return and payment by spirituous or vinous liquor
36 wholesalers

37 A. Every wholesaler of spirituous liquors selling spirituous
38 liquors within the state shall pay the tax under this chapter on all such
39 liquor sold within the state and add the amount of the tax to the sales
40 price.

41 B. Every wholesaler of vinous liquors selling vinous liquors other
42 than ciders as defined in section 42-3001, ~~paragraph 2~~ within this state
43 shall pay the tax under this chapter on all such liquors sold within this
44 state and add the amount of tax to the sales price.

1 C. The wholesaler shall pay the tax to the department monthly on or
2 before the twentieth day of the month next succeeding the month in which
3 the tax accrues.

4 D. On or before the date prescribed by subsection C of this
5 section, the wholesaler shall prepare a sworn return for the month in
6 which the tax accrues in the form prescribed by the department, showing:

7 1. The amount of spirituous liquors sold in this state during the
8 month in which the tax accrues.

9 2. The amount of vinous liquors other than ciders as defined in
10 section 42-3001, ~~paragraph 2~~ sold in the state during the month in which
11 the tax accrues.

12 3. The amount of tax for the period covered by the return.

13 4. Any other information that the department deems necessary for
14 the proper administration of this chapter.

15 E. The wholesaler shall deliver the return, together with a
16 remittance of the amount of the tax due, to the department.

17 F. Any taxpayer ~~who~~ THAT fails to pay the tax within ten days from
18 the date ~~upon~~ ON which the payment becomes due ~~shall be~~ IS subject to and
19 shall pay a penalty determined under section 42-1125, plus interest at the
20 rate determined pursuant to section 42-1123 from the time the tax was due
21 and payable until paid.

22 G. FOR REPORTING PERIODS BEGINNING FROM AND AFTER DECEMBER 31,
23 2019, OR WHEN THE DEPARTMENT HAS ESTABLISHED AN ELECTRONIC FILING PROGRAM,
24 WHICHEVER IS LATER, EACH TAXPAYER SHALL FILE ELECTRONICALLY ANY REPORT OR
25 RETURN REQUIRED UNDER THIS CHAPTER. THE REPORT OR RETURN IS CONSIDERED TO
26 BE FILED AND RECEIVED BY THE DEPARTMENT ON THE DATE OF THE ELECTRONIC
27 POSTMARK PURSUANT TO SECTION 42-1105.02.

28 Sec. 12. Section 42-3355, Arizona Revised Statutes, is amended to
29 read:

30 42-3355. Return and payment by farm wineries, manufacturers,
31 direct shipment licensees, microbreweries and
32 craft distillers

33 A. Every farm winery selling vinous liquor at retail or to a retail
34 licensee pursuant to title 4, chapter 2 manufactured or produced on the
35 premises, producer of vinous liquor that sells at retail pursuant to
36 section 4-243.02 or direct shipment licensee that sells pursuant to
37 section 4-203.04 shall pay the tax under this chapter on all such liquor
38 sold at retail or to a retail licensee within this state and add the
39 amount of the tax to the sales price.

40 B. Every microbrewery selling malt liquor at retail or to a retail
41 licensee pursuant to title 4, chapter 2 manufactured or produced on the
42 premises or a manufacturer of beer that sells at retail pursuant to
43 section 4-243.02 shall pay the tax under this chapter on all malt liquor
44 sold at retail or to a retail licensee within this state and add the
45 amount of the tax to the sales price.

1 C. Every craft distiller selling spirituous liquor at retail or to
2 a retail licensee pursuant to title 4, chapter 2, manufactured or produced
3 on the premises or a distiller of spirituous liquor that sells at retail
4 pursuant to section 4-243.02 shall pay the tax under this chapter on all
5 spirituous liquor sold at retail or to a retail licensee within this state
6 and add the amount of the tax to the sales price.

7 D. The farm winery, manufacturer, microbrewery, craft distiller or
8 direct shipment licensee shall pay the tax to the department monthly on or
9 before the twentieth day of the month next succeeding the month in which
10 the tax accrues.

11 E. On or before that date, the farm winery, manufacturer,
12 microbrewery, craft distiller or direct shipment licensee shall prepare a
13 sworn return for the month in which the tax accrues in the form prescribed
14 by the department, showing:

15 1. The amount of liquors or beer sold in this state during the
16 month in which the tax accrues.

17 2. The amount of tax for the period covered by the return.

18 3. Any other information that the department deems necessary for
19 the proper administration of this chapter.

20 F. The farm winery, manufacturer, microbrewery, craft distiller or
21 direct shipment licensee shall deliver the return, together with a
22 remittance of the amount of the tax due, to the department.

23 G. Any taxpayer ~~who~~ THAT fails to pay the tax within ten days after
24 the date on which the payment becomes due is subject to and shall pay a
25 penalty determined under section 42-1125, plus interest at the rate
26 determined pursuant to section 42-1123 from the time the tax was due and
27 payable until paid.

28 H. FOR REPORTING PERIODS BEGINNING FROM AND AFTER DECEMBER 31,
29 2019, OR WHEN THE DEPARTMENT HAS ESTABLISHED AN ELECTRONIC FILING PROGRAM,
30 WHICHEVER IS LATER, EACH TAXPAYER SHALL FILE ELECTRONICALLY ANY REPORT OR
31 RETURN REQUIRED UNDER THIS CHAPTER. THE REPORT OR RETURN IS CONSIDERED TO
32 BE FILED AND RECEIVED BY THE DEPARTMENT ON THE DATE OF THE ELECTRONIC
33 POSTMARK PURSUANT TO SECTION 42-1105.02.

34 Sec. 13. Section 42-3462, Arizona Revised Statutes, is amended to
35 read:

36 42-3462. Cigarette and roll-your-own tobacco: filing
37 requirements; definition

38 A. Each distributor shall file a return in a form prescribed by the
39 department for each place of business on or before the twentieth day of
40 the month next succeeding the month for which the return is filed. The
41 return shall contain all of the following:

42 1. The brand names and quantities of each brand of cigarettes and
43 roll-your-own tobacco in possession at the beginning and end of the
44 reporting period.

1 2. The brand names and quantities of each brand of cigarettes and
2 roll-your-own tobacco received during the reporting period and the name
3 and address of each person from whom each product was received.

4 3. The brand names and quantities of each brand of cigarettes and
5 roll-your-own tobacco distributed or shipped into this state or between
6 locations in this state during the reporting period, except for sales
7 directly to consumers, and the name and address of each person to whom
8 each product was distributed or shipped, with reference to the dates of
9 distribution or shipment and corresponding invoice numbers from the
10 invoices documenting the distribution or shipments.

11 4. The brand names and quantities of each brand of cigarettes and
12 roll-your-own tobacco distributed or shipped to any destination wherever
13 located, including the quantities reported under paragraph 3 of this
14 subsection during the reporting period, except for sales directly to
15 consumers, and the name and address of each person to whom each product
16 was distributed or shipped, with reference to the dates of distribution or
17 shipment and corresponding invoice numbers from the invoices documenting
18 the distribution or shipments.

19 5. The brand names and quantities of each brand of cigarettes and
20 roll-your-own tobacco sold to consumers that are itemized to show sales to
21 consumers in this state and sale to consumers outside of this state.

22 6. Copies of the customs certificates with respect to such
23 cigarettes and roll-your-own tobacco required to be submitted by 19 United
24 States Code section 1681a(c).

25 7. The name and address of each nonparticipating manufacturer of
26 each brand of cigarettes and roll-your-own tobacco identified by the
27 distributor in the return.

28 8. The number of individual cigarettes and ounces of roll-your-own
29 tobacco of each brand of each nonparticipating manufacturer sold in this
30 state by the distributor during the preceding month, separately stating
31 each of the following:

32 (a) The number of cigarette packages sold and the number of
33 individual cigarettes in each package.

34 (b) The number of roll-your-own tobacco containers sold and the
35 number of ounces of roll-your-own tobacco in each container.

36 9. The amount of luxury taxes paid or to be paid on the cigarettes
37 and roll-your-own tobacco prescribed in paragraph 8 of this subsection,
38 separately stating each of the following:

39 (a) The amount of luxury taxes paid by purchasing and affixing tax
40 stamps to cigarette packages.

41 (b) The amount of luxury taxes to be paid for roll-your-own tobacco
42 containers.

43 (c) Any other amount of excise taxes to be paid on the cigarettes.

1 10. The number of individual cigarettes and ounces of roll-your-own
2 tobacco of each brand of each nonparticipating manufacturer received by
3 the distributor, separately stating each of the following:

4 (a) The number of cigarette packages received and the number of
5 individual cigarettes in each package.

6 (b) The number of roll-your-own tobacco containers received and the
7 number of ~~and~~ ounces of roll-your-own tobacco in each container.

8 11. The number of individual cigarettes and ounces of roll-your-own
9 tobacco of each brand of each nonparticipating manufacturer that the
10 distributor exported from this state without payment of Arizona luxury
11 taxes, separately stating each of the following:

12 (a) The number of cigarette packages exported and the number of
13 individual cigarettes in each package.

14 (b) The number of roll-your-own tobacco containers exported and the
15 number of ounces of roll-your-own tobacco in each container.

16 12. The number of individual cigarettes and ounces of roll-your-own
17 tobacco of each brand of each nonparticipating manufacturer for which the
18 distributor obtained a refund under section 42-3008, separately stating
19 each of the following:

20 (a) The number of cigarette packages for which the distributor
21 obtained a refund and the number of individual cigarettes in each package.

22 (b) The number of roll-your-own tobacco containers for which the
23 distributor obtained a refund and the number of ounces of roll-your-own
24 tobacco in each container.

25 13. The invoice, in the form and manner prescribed by the
26 department, for the following transactions:

27 (a) The distributor's purchase or acquisition of any
28 nonparticipating manufacturer's cigarettes received or sold by the tobacco
29 distributor in this state.

30 (b) The distributor's export, if any, of any nonparticipating
31 manufacturer's cigarettes from this state.

32 ~~B. Manufacturers and importers who ship cigarettes and
33 roll-your-own tobacco into or in this state shall file a monthly report
34 with, and in the form and manner prescribed by, the department. The
35 report shall contain the information regarding cigarettes described under
36 subsection A, paragraph 3 of this section.~~

37 B. A PERSON WHO SELLS, SHIPS OR TRANSFERS CIGARETTES AND
38 ROLL-YOUR-OWN TOBACCO FOR SALE, SHIPMENT OR TRANSFER INTO OR WITHIN THIS
39 STATE SHALL FILE A MONTHLY REPORT WITH THE DEPARTMENT ON THE TENTH DAY OF
40 EACH MONTH IN THE FORM AND MANNER PRESCRIBED BY SECTION 42-3053,
41 SUBSECTION C. THE REPORT SHALL CONTAIN INFORMATION REGARDING EACH
42 SHIPMENT OF CIGARETTES AND ROLL-YOUR-OWN TOBACCO INTO THIS STATE DURING
43 THE PREVIOUS CALENDAR MONTH, INCLUDING THE DATE OF SHIPMENT, THE NAME AND
44 ADDRESS OF THE PERSON TO WHOM THE SHIPMENT WAS MADE AND THE NAME, ADDRESS
45 AND TELEPHONE NUMBER OF THE PERSON DELIVERING THE SHIPMENT TO THE

1 RECIPIENT ON BEHALF OF THE SELLER. THE REPORT SHALL ALSO INCLUDE THE
2 BRAND NAMES AND QUANTITIES OF CIGARETTES AND ROLL-YOUR-OWN TOBACCO
3 CONTAINED IN EACH SHIPMENT, WITH INVOICES OR REFERENCES TO INVOICE NUMBER
4 DOCUMENTING EACH SHIPMENT.

5 C. Distributor reports that are submitted under subsection A of
6 this section shall be itemized to disclose the quantity of reported
7 cigarettes bearing tax stamps of this state, tax exempt stamps of this
8 state, stamps of another state and unstamped cigarettes. The distributor
9 reports shall also include, if applicable, the following:

10 1. The quantity of Arizona tax and tax exempt stamps that were not
11 affixed to cigarettes.

12 2. The quantity of Arizona tax and tax exempt stamps that the
13 distributor possessed at the beginning and end of the reporting period.

14 3. The quantity of each type of Arizona stamp received during the
15 reporting period.

16 4. The quantity of each type of Arizona stamp applied during the
17 reporting period.

18 D. The department may adopt rules requiring additional information
19 in the monthly reports as necessary for the purposes of enforcing this
20 article.

21 E. For the purposes of this section, ~~"importer"~~ and ~~"manufacturer"~~
22 ~~have~~ HAS the same meanings MEANING prescribed in section 42-3451.

23 Sec. 14. Section 42-5005, Arizona Revised Statutes, is amended to
24 read:

25 42-5005. Transaction privilege tax and municipal privilege
26 tax licenses; fees; renewal; revocation;
27 violation; classification

28 A. Every person who receives gross proceeds of sales or gross
29 income on which a transaction privilege tax is imposed by this article and
30 who desires to engage or continue in business shall apply to the
31 department for an annual transaction privilege tax license accompanied by
32 a fee of twelve dollars. A person shall not engage or continue in
33 business until the person has obtained a transaction privilege tax
34 license.

35 B. A person desiring to engage or continue in business within a
36 city or town that imposes a municipal privilege tax shall apply to the
37 department of revenue for an annual municipal privilege tax license
38 accompanied by a fee of up to fifty dollars, as established by ordinance
39 of the city or town. The person shall submit the fee with each new
40 license application. The person may not engage or continue in business
41 until the person has obtained a municipal privilege tax license. The
42 department must collect, hold, pay and manage the fees in trust for the
43 city or town and may not use the monies for any other purposes.

44 C. A transaction privilege tax license is valid only for the
45 calendar year in which it is issued, but it may be renewed for the

1 following calendar year. There is no fee for the renewal of the
2 transaction privilege tax license. The transaction privilege tax license
3 must be renewed at the same time and in the manner as the municipal
4 privilege tax license renewal.

5 D. A municipal privilege tax license is valid only for the calendar
6 year in which it is issued, but it may be renewed for the following
7 calendar year by the payment of a license renewal fee of up to fifty
8 dollars. The renewal fee is due and payable on January 1 and is
9 considered delinquent if not received on or before the last business day
10 of January. The department must collect, hold, pay and manage the fees in
11 trust for the city or town and may not use the monies for any other
12 purposes.

13 E. A licensee that remains in business after the municipal
14 privilege tax license has expired is subject to the payment of the license
15 renewal fee and the civil penalty prescribed in section 42-1125,
16 subsection R.

17 F. If the applicant is not in arrears in payment of any tax imposed
18 by this article, the department shall issue a license authorizing the
19 applicant to engage and continue in business on the condition that the
20 applicant complies with this article. The license number shall be
21 continuous.

22 G. The transaction privilege tax license and the municipal
23 privilege tax license are not transferable on a complete change of
24 ownership or change of location of the business. For the purposes of this
25 subsection:

26 1. "Location" means the business address appearing in the
27 application for the license and on the transaction privilege tax or
28 municipal privilege tax license.

29 2. "Ownership" means any right, title or interest in the business.

30 3. "Transferable" means the ability to convey or change the right
31 or privilege to engage or continue in business by virtue of the issuance
32 of the transaction privilege tax or municipal privilege tax license.

33 H. When the ownership or location of a business on which a
34 transaction privilege tax or municipal privilege tax is imposed has been
35 changed within the meaning of subsection G of this section, the licensee
36 shall surrender the license to the department. The license shall be
37 reissued to the new owners or for the new location on application by the
38 taxpayer and payment of the twelve-dollar fee for a transaction privilege
39 tax license and a fee of up to fifty dollars per jurisdiction for a
40 municipal privilege tax license. The department must collect, hold, pay
41 and manage the fees in trust for the city or town and may not use the
42 monies for any other purposes.

43 I. A person who is engaged in or conducting a business in two or
44 more locations or under two or more business names shall procure a
45 transaction privilege tax license for each location or business name

1 regardless of whether all locations or business names are reported on a
2 consolidated return under a single transaction privilege tax license
3 number. This requirement shall not be construed as conflicting with
4 section 42-5020.

5 J. A person who is engaged in or conducting a business in two or
6 more locations or under two or more business names shall procure a
7 municipal privilege tax license for each location or business name
8 regardless of whether all locations or business names are reported on a
9 consolidated return.

10 K. A person who is engaged in or conducting business at two or more
11 locations or under two or more business names and who files a consolidated
12 return under a single transaction privilege tax license number as provided
13 by section 42-5020 is required to pay only a single municipal privilege
14 tax license renewal fee for each local jurisdiction pursuant to subsection
15 D of this section. A person who is engaged in or conducting business at
16 two or more locations or under two or more business names and who does not
17 file a consolidated return under a single license number is required to
18 pay a license renewal fee for each location or license in a local
19 jurisdiction.

20 L. For the purposes of this chapter and chapter 6 of this title, an
21 online lodging marketplace, as defined in section 42-5076, may register
22 with the department for a license for the payment of taxes levied by this
23 state and one or more counties, cities, towns or special taxing districts,
24 at the election of the online lodging marketplace, for taxes due from an
25 online lodging operator on any online lodging transaction facilitated by
26 the online lodging marketplace, subject to sections 42-5076 and 42-6009.

27 M. For the purposes of this chapter and chapter 6 of this title, a
28 person who is licensed pursuant to title 32, chapter 20 and who files an
29 electronic consolidated tax return for individual real properties under
30 management on behalf of the property owners may be licensed with the
31 department for the payment of taxes levied by this state and by any
32 county, city or town with respect to those properties.

33 N. If a person violates this article or any rule adopted under this
34 article, the department upon hearing may revoke any transaction privilege
35 tax or municipal privilege tax license issued to the person. The
36 department shall provide ten days' written notice of the hearing, stating
37 the time and place and requiring the person to appear and show cause why
38 the license or licenses should not be revoked. The department shall
39 provide written notice to the person of the revocation of the license.
40 The notices may be served personally or by mail pursuant to section
41 42-5037. After revocation, the department shall not issue a new license
42 to the person unless the person presents evidence satisfactory to the
43 department that the person will comply with this article and with the
44 rules adopted under this article. The department may prescribe the terms
45 under which a revoked license may be reissued.

1 O. THE DEPARTMENT MAY REVOKE ANY TRANSACTION PRIVILEGE TAX OR
2 MUNICIPAL PRIVILEGE TAX LICENSE ISSUED TO ANY PERSON WHO FAILS FOR
3 THIRTEEN CONSECUTIVE MONTHS TO MAKE AND FILE A RETURN REQUIRED BY THIS
4 ARTICLE ON OR BEFORE THE DUE DATE OR THE DUE DATE AS EXTENDED BY THE
5 DEPARTMENT UNLESS THE FAILURE IS DUE TO A REASONABLE CAUSE AND NOT DUE TO
6 WILFUL NEGLECT.

7 ~~O.~~ P. A person who violates any provision of this section is
8 guilty of a class 3 misdemeanor.

9 Sec. 15. Section 42-5014, Arizona Revised Statutes, is amended to
10 read:

11 42-5014. Return and payment of tax; estimated tax;
12 extensions; abatements

13 A. Except as provided in subsection B, C, D, E or F of this
14 section, the taxes levied under this article:

15 1. Are due and payable monthly in the form required by section
16 42-5018 for the amount of the tax, to the department, on or before the
17 twentieth day of the month next succeeding the month in which the tax
18 accrues.

19 2. Are delinquent as follows:

20 (a) For taxpayers that are required or elect to file and pay
21 electronically in any month, if not received by the department on or
22 before the last business day of the month.

23 (b) For all other taxpayers, if not received by the department on
24 or before the business day preceding the last business day of the month.

25 B. The department, for any taxpayer whose estimated annual
26 liability for taxes imposed or administered by this article or chapter 6
27 of this title is between two thousand dollars and eight thousand dollars,
28 shall authorize such taxpayer to pay such taxes on a quarterly basis. The
29 department, for any taxpayer whose estimated annual liability for taxes
30 imposed by this article is less than two thousand dollars, shall authorize
31 such taxpayer to pay such taxes on an annual basis. For the purposes of
32 this subsection, the taxes due under this article:

33 1. For taxpayers that are authorized to pay on a quarterly basis,
34 are due and payable monthly in the form required by section 42-5018 for
35 the amount of the tax, to the department, on or before the twentieth day
36 of the month next succeeding the quarter in which the tax accrues.

37 2. For taxpayers that are authorized to pay on an annual basis, are
38 due and payable monthly in the form required by section 42-5018 for the
39 amount of the tax, to the department, on or before the twentieth day of
40 January next succeeding the year in which the tax accrues.

41 3. Are delinquent as follows:

42 (a) For taxpayers that are required or elect to file and pay
43 electronically in any quarter, if not received by the department on or
44 before the last business day of the month.

1 (b) For all other taxpayers that are required to file and pay
2 quarterly, if not received by the department on or before the business day
3 preceding the last business day of the month.

4 (c) For taxpayers that are required or elect to file and pay
5 electronically on an annual basis, if not received by the department on or
6 before the last business day of January.

7 (d) For all other taxpayers that are required to file and pay
8 annually, if not received by the department on or before the business day
9 preceding the last business day of January.

10 C. The department may require a taxpayer whose business is of a
11 transient character to file the return and remit the taxes imposed by this
12 article on a daily, a weekly or a transaction by transaction basis, and
13 those returns and payments are due and payable on the date fixed by the
14 department without a grace period otherwise allowed by this section. For
15 the purposes of this subsection, "business of a transient character" means
16 sales activity by a taxpayer not regularly engaged in selling within the
17 state conducted from vehicles, portable stands, rented spaces, structures
18 or booths, or concessions at fairs, carnivals, circuses, festivals or
19 similar activities for not more than thirty consecutive days.

20 D. If the business entity under which a taxpayer reports and pays
21 income tax under title 43 has an annual total tax liability under this
22 article, article 6 of this chapter and chapter 6, article 3 of this title
23 of one million dollars or more, based on the actual tax liability in the
24 preceding calendar year, regardless of the number of offices at which the
25 taxes imposed by this article, article 6 of this chapter or chapter 6,
26 article 3 of this title are collected, or if the taxpayer can reasonably
27 anticipate such liability in the current year, the taxpayer shall report
28 on a form prescribed by the department and pay an estimated tax payment
29 each June. Any other taxpayer may voluntarily elect to pay the estimated
30 tax payment pursuant to this subsection. The payment shall be made on or
31 before June 20 and is delinquent if not received by the department on or
32 before the business day preceding the last business day of June for those
33 taxpayers electing to file by mail, or delinquent if not received by the
34 department on the business day preceding the last business day of June for
35 those taxpayers electing to file in person. The estimated tax paid shall
36 be credited against the taxpayer's tax liability under this article,
37 article 6 of this chapter and chapter 6, article 3 of this title for the
38 month of June for the current calendar year. The estimated tax payment
39 shall equal either:

40 1. One-half of the actual tax liability under this article plus
41 one-half of any tax liability under article 6 of this chapter and chapter
42 6, article 3 of this title for May of the current calendar year.

43 2. The actual tax liability under this article plus any tax
44 liability under article 6 of this chapter and chapter 6, article 3 of this
45 title for the first fifteen days of June of the current calendar year.

1 E. An online lodging marketplace, as defined in section 42-5076,
2 that is registered with the department pursuant to section 42-5005,
3 subsection L:

4 1. Shall remit to the department the applicable taxes payable
5 pursuant to section 42-5076 and chapter 6 of this title with respect to
6 each online lodging transaction, as defined in section 42-5076,
7 facilitated by the online lodging marketplace.

8 2. Shall report the taxes monthly and remit the aggregate total
9 amounts for each of the respective taxing jurisdictions.

10 3. Shall not be required to list or otherwise identify any
11 individual online lodging operator, as defined in section 42-5076, on any
12 return or any attachment to a return.

13 F. A person who is licensed pursuant to title 32, chapter 20 and
14 who is licensed with the department pursuant to section 42-5005,
15 subsection M shall:

16 1. File a consolidated return monthly with respect to all managed
17 properties for which the licensee files an electronic consolidated tax
18 return pursuant to section 42-6013.

19 2. Remit to the department the aggregate total amount of the
20 applicable taxes payable pursuant to this chapter and chapter 6 of this
21 title for all of the respective taxing jurisdictions with respect to the
22 managed properties.

23 G. The taxpayer shall prepare a return showing the amount of the
24 tax for which the taxpayer is liable for the preceding month, and shall
25 mail or deliver the return to the department in the same manner and time
26 as prescribed for the payment of taxes in subsection A of this section.
27 If the taxpayer fails to file the return in the manner and time as
28 prescribed for the payment of taxes in subsection A of this section, the
29 amount of the tax required to be shown on the return is subject to the
30 penalty imposed pursuant to section 42-1125, subsection A, without any
31 reduction for taxes paid on or before the due date of the return. The
32 return shall be verified by the oath of the taxpayer or an authorized
33 agent or as prescribed by the department pursuant to section 42-1105,
34 subsection B.

35 H. Any person who is taxable under this article and who makes cash
36 and credit sales shall report such cash and credit sales separately and on
37 making application may obtain from the department an extension of time for
38 payment of taxes due on the credit sales. The extension shall be granted
39 by the department under such rules as the department prescribes. When the
40 extension is granted, the taxpayer shall thereafter include in each
41 monthly report all collections made on such credit sales during the month
42 next preceding and shall pay the taxes due at the time of filing such
43 report.

1 I. The returns required under this article shall be made on forms
2 prescribed by the department and shall capture data with sufficient
3 specificity to meet the needs of all taxing jurisdictions.

4 J. Any person who is engaged in or conducting business in two or
5 more locations or under two or more business names shall file the return
6 required under this article ~~by electronic means~~ USING AN ELECTRONIC FILING
7 PROGRAM ESTABLISHED BY THE DEPARTMENT.

8 K. FOR TAXABLE PERIODS BEGINNING FROM AND AFTER DECEMBER 31, 2017,
9 ANY TAXPAYER WITH AN ANNUAL TOTAL TAX LIABILITY UNDER THIS CHAPTER AND
10 CHAPTER 6 OF THIS TITLE OF TWENTY THOUSAND DOLLARS OR MORE, BASED ON THE
11 ACTUAL TAX LIABILITY IN THE PRECEDING CALENDAR YEAR, REGARDLESS OF THE
12 NUMBER OF OFFICES AT WHICH THE TAXES IMPOSED BY THIS CHAPTER OR CHAPTER 6
13 OF THIS TITLE ARE COLLECTED, OR A TAXPAYER THAT CAN REASONABLY ANTICIPATE
14 THAT LIABILITY IN THE CURRENT YEAR, SHALL FILE THE RETURN REQUIRED UNDER
15 THIS ARTICLE USING AN ELECTRONIC FILING PROGRAM ESTABLISHED BY THE
16 DEPARTMENT.

17 L. FOR TAXABLE PERIODS BEGINNING FROM AND AFTER DECEMBER 31, 2018,
18 ANY TAXPAYER WITH AN ANNUAL TOTAL TAX LIABILITY UNDER THIS CHAPTER AND
19 CHAPTER 6 OF THIS TITLE OF TEN THOUSAND DOLLARS OR MORE, BASED ON THE
20 ACTUAL TAX LIABILITY IN THE PRECEDING CALENDAR YEAR, REGARDLESS OF THE
21 NUMBER OF OFFICES AT WHICH THE TAXES IMPOSED BY THIS CHAPTER OR CHAPTER 6
22 OF THIS TITLE ARE COLLECTED, OR A TAXPAYER THAT CAN REASONABLY ANTICIPATE
23 THAT LIABILITY IN THE CURRENT YEAR, SHALL FILE THE RETURN REQUIRED UNDER
24 THIS ARTICLE USING AN ELECTRONIC FILING PROGRAM ESTABLISHED BY THE
25 DEPARTMENT.

26 M. FOR TAXABLE PERIODS BEGINNING FROM AND AFTER DECEMBER 31, 2019,
27 ANY TAXPAYER WITH AN ANNUAL TOTAL TAX LIABILITY UNDER THIS CHAPTER AND
28 CHAPTER 6 OF THIS TITLE OF FIVE THOUSAND DOLLARS OR MORE, BASED ON THE
29 ACTUAL TAX LIABILITY IN THE PRECEDING CALENDAR YEAR, REGARDLESS OF THE
30 NUMBER OF OFFICES AT WHICH THE TAXES IMPOSED BY THIS CHAPTER OR CHAPTER 6
31 OF THIS TITLE ARE COLLECTED, OR A TAXPAYER THAT CAN REASONABLY ANTICIPATE
32 THAT LIABILITY IN THE CURRENT YEAR, SHALL FILE THE RETURN REQUIRED UNDER
33 THIS ARTICLE USING AN ELECTRONIC FILING PROGRAM ESTABLISHED BY THE
34 DEPARTMENT.

35 N. FOR TAXABLE PERIODS BEGINNING FROM AND AFTER DECEMBER 31, 2020,
36 ANY TAXPAYER WITH AN ANNUAL TOTAL TAX LIABILITY UNDER THIS CHAPTER AND
37 CHAPTER 6 OF THIS TITLE OF FIVE HUNDRED DOLLARS OR MORE, BASED ON THE
38 ACTUAL TAX LIABILITY IN THE PRECEDING CALENDAR YEAR, REGARDLESS OF THE
39 NUMBER OF OFFICES AT WHICH THE TAXES IMPOSED BY THIS CHAPTER OR CHAPTER 6
40 OF THIS TITLE ARE COLLECTED, OR A TAXPAYER THAT CAN REASONABLY ANTICIPATE
41 THAT LIABILITY IN THE CURRENT YEAR, SHALL FILE THE RETURN REQUIRED UNDER
42 THIS ARTICLE USING AN ELECTRONIC FILING PROGRAM ESTABLISHED BY THE
43 DEPARTMENT.

44 O. ANY TAXPAYER THAT IS REQUIRED TO REPORT AND PAY USING AN
45 ELECTRONIC FILING PROGRAM ESTABLISHED BY THE DEPARTMENT MAY APPLY TO THE

1 DIRECTOR, ON A FORM PRESCRIBED BY THE DEPARTMENT, FOR AN ANNUAL WAIVER
2 FROM THE ELECTRONIC FILING REQUIREMENT. THE DIRECTOR MAY GRANT A WAIVER,
3 WHICH MAY BE RENEWED, IF ANY OF THE FOLLOWING APPLIES:

- 4 1. THE TAXPAYER HAS NO COMPUTER.
 - 5 2. THE TAXPAYER HAS NO INTERNET ACCESS.
 - 6 3. ANY OTHER CIRCUMSTANCE CONSIDERED TO BE WORTHY BY THE DIRECTOR.
- 7 P. A WAIVER IS NOT REQUIRED IF THE RETURN CANNOT BE ELECTRONICALLY
8 FILED FOR REASONS BEYOND THE TAXPAYER'S CONTROL, INCLUDING SITUATIONS IN
9 WHICH THE TAXPAYER WAS INSTRUCTED BY EITHER THE INTERNAL REVENUE SERVICE
10 OR THE DEPARTMENT OF REVENUE TO FILE BY PAPER.

11 ~~K.~~ Q. The department, for good cause, may extend the time for
12 making any return required by this article and may grant such reasonable
13 additional time within which to make the return as it deems proper, but
14 the time for filing the return shall not be extended beyond the first day
15 of the third month next succeeding the regular due date of the return.

16 ~~L.~~ R. The department, with the approval of the attorney general,
17 may abate small tax balances if the administration costs exceed the amount
18 of tax due.

19 ~~M.~~ S. For the purposes of subsection D of this section, "taxpayer"
20 means the business entity under which the business reports and pays state
21 income taxes regardless of the number of offices at which the taxes
22 imposed by this article, article 6 of this chapter or chapter 6, article 3
23 of this title are collected.

24 Sec. 16. Section 42-5017, Arizona Revised Statutes, is amended to
25 read:

26 42-5017. Credit for accounting and reporting expenses:
27 definition

28 A. A credit is allowed against the taxes imposed by this article
29 and article 5 of this chapter for expenses incurred by the taxpayer in
30 accounting and reporting those taxes. The credit is: ~~equal to~~

31 1. FOR A TAXPAYER WHO FILES A PAPER RETURN, one ~~per cent~~ PERCENT of
32 the amount of tax due but not to exceed a total of ten thousand dollars in
33 any calendar year for the combined total of all business premises of
34 ~~a~~ THE taxpayer.

35 2. FOR A TAXPAYER WHO FILES USING AN ELECTRONIC FILING PROGRAM
36 ESTABLISHED BY THE DEPARTMENT, ONE AND TWO-TENTHS PERCENT OF THE AMOUNT OF
37 TAX DUE BUT NOT TO EXCEED A TOTAL OF TWELVE THOUSAND DOLLARS IN ANY
38 CALENDAR YEAR FOR THE COMBINED TOTAL OF ALL BUSINESS PREMISES OF THE
39 TAXPAYER.

40 B. Estimated taxes under section 42-5014, subsection D are not
41 considered a separate reporting period.

42 ~~B.~~ C. A taxpayer shall claim the credit for each tax period on
43 forms prescribed and furnished by the department, which may be
44 incorporated in the return form prescribed pursuant to section 42-5014. A
45 claim for credit is not allowed if the taxpayer fails to pay the tax due,

1 plus any estimated tax liability, before the payment becomes delinquent.
2 A CLAIM FOR THE INCREASED CREDIT AMOUNT UNDER SUBSECTION A, PARAGRAPH 2 OF
3 THIS SECTION IS NOT ALLOWED IF THE TAXPAYER FAILS TO FILE USING THE
4 DEPARTMENT'S ELECTRONIC FILING PROGRAM FOR ANY TAXABLE PERIOD DURING THE
5 CALENDAR YEAR. THE DEPARTMENT SHALL RECAPTURE ANY CREDIT AMOUNTS CLAIMED
6 BY THE TAXPAYER BUT DISALLOWED.

7 ~~C. D. As used in~~ FOR THE PURPOSES OF this section, "taxpayer"
8 means the business entity under which the business reports for state
9 income tax purposes or an entity that is exempt from state income tax.

10 Sec. 17. Section 42-13002, Arizona Revised Statutes, is amended to
11 read:

12 42-13002. Relationship between department and county
13 assessors

14 A. The department shall:

15 1. Exercise general supervision over county assessors in
16 administering the property tax laws to ensure that all property is
17 uniformly valued for property tax purposes.

18 2. Prescribe forms to be used by county assessors for:

19 (a) Listing and valuing property for tax purposes.

20 (b) Reporting changes in valuations.

21 (c) Such other purposes as the department may require under this
22 title.

23 3. Assist county assessors:

24 (a) In maintaining uniform maps and records.

25 (b) In placing on the rolls the valuations determined under this
26 chapter.

27 (c) To ensure a uniform valuation of all property throughout the
28 state for property tax purposes, including providing the services of
29 department personnel to the assessors. The department may charge to the
30 county the costs of department personnel provided to that county.

31 ~~4. Compile and report to the governor, the president of the senate~~
32 ~~and the speaker of the house of representatives the processes and~~
33 ~~procedures used by each county to identify and reclassify property that is~~
34 ~~rented while classified as class three. The report shall be submitted by~~
35 ~~November 15 each year and shall also contain the following information:~~

36 ~~(a) The number of properties and the assessed valuation of~~
37 ~~properties reclassified from class three to class four.~~

38 ~~(b) The amount of payments of additional state aid to education~~
39 ~~avoided in the previous fiscal year.~~

40 ~~(c) Recommendations regarding improvements to establish uniform~~
41 ~~processes and performance among the counties.~~

42 B. The department may:

43 1. Require the reclassification of property, if necessary.

1 2. Require information from the county assessor's office and the
2 county treasurer's office to verify compliance with the procedures
3 prescribed by section 42-12052.

4 3. Audit the valuation of new construction as determined by each
5 county as prescribed by section 42-17051.

6 C. The director and county assessors shall meet at the state
7 capitol, or at a place designated by the director, at least twice each
8 year to consider matters relating to property taxation. The traveling
9 expenses of assessors in attending these meetings shall be paid by the
10 respective counties.

11 Sec. 18. Section 43-323, Arizona Revised Statutes, is amended to
12 read:

13 43-323. Place and form of filing returns

14 A. All returns required by this title shall be in such a form as
15 the department may from time to time prescribe and shall be filed with the
16 department.

17 B. The department shall prescribe a short form return for
18 individual taxpayers who:

19 1. Are eligible and elect to pay tax based on the optional tax
20 tables pursuant to section 43-1012.

21 2. Elect to claim the optional standard deduction pursuant to
22 section 43-1041.

23 3. Elect not to file for credits against income tax liability other
24 than those contained in sections 43-1072, 43-1072.01 and 43-1073.

25 4. Are not required to add any income under section 43-1021 and do
26 not elect any subtractions under section 43-1022, except for the
27 exemptions allowed under section 43-1023.

28 C. The department may provide a simplified return form for
29 individual taxpayers who:

30 1. Are eligible and elect to pay tax based on the optional tax
31 tables pursuant to section 43-1012.

32 2. Are residents for the full taxable year.

33 3. File as single individuals or married couples filing joint
34 returns under section 43-309.

35 4. Are not sixty-five years of age or older or blind at the end of
36 the taxable year.

37 5. Claim no exemptions under section 43-1023 for the taxable year.

38 6. Elect to claim the optional standard deduction under section
39 43-1041.

40 7. Are not required to add any income under section 43-1021 and do
41 not elect to claim any subtractions under section 43-1022 or file for any
42 credits under chapter 10, article 5 of this title, except the credits
43 provided by sections 43-1072.01 and 43-1073.

44 8. Do not elect to contribute a portion of any tax refund as
45 provided by any provision of chapter 6, article 1 of this title.

1 Notwithstanding any provision of chapter 6, article 1 of this title, a
2 simplified return form under this subsection shall not include any space
3 for the taxpayer to so contribute a portion of a refund.

4 D. The department shall prepare blank forms for the returns ~~and~~
5 ~~shall distribute them throughout the state~~ and furnish them ~~upon~~
6 ~~application~~ ON REQUEST. Failure to receive or secure the form does not
7 relieve any taxpayer from making any return required.

8 E. AN INDIVIDUAL INCOME TAX PREPARER WHO PREPARES MORE THAN TEN
9 ORIGINAL INCOME TAX RETURNS THAT ARE TIMELY FILED DURING ANY TAXABLE YEAR
10 THAT BEGINS FROM AND AFTER DECEMBER 31, 2017 SHALL FILE ELECTRONICALLY ALL
11 INDIVIDUAL TAX RETURNS PREPARED BY THAT TAX PREPARER, FOR THAT TAXABLE
12 YEAR AND EACH SUBSEQUENT TAXABLE YEAR. AN INDIVIDUAL INCOME TAX PREPARER
13 MAY NOT CHARGE A SEPARATE FEE TO THE TAXPAYER FOR FILING A RETURN USING
14 THE DEPARTMENT'S ELECTRONIC FILING PROGRAM. THIS SUBSECTION DOES NOT
15 APPLY IF THE TAXPAYER ELECTS TO HAVE THE RETURN FILED ON PAPER OR IF THE
16 RETURN CANNOT BE FILED ELECTRONICALLY FOR REASONS OUTSIDE OF THE TAX
17 PREPARER'S CONTROL.

18 F. ANNUAL FIDUCIARY RETURNS, PARTNERSHIP RETURNS AND CORPORATE
19 RETURNS SHALL BE FILED ELECTRONICALLY FOR TAXABLE YEARS BEGINNING FROM AND
20 AFTER DECEMBER 31, 2019, OR WHEN THE DEPARTMENT ESTABLISHES AN ELECTRONIC
21 FILING PROGRAM, WHICHEVER IS LATER. ANY PERSON WHO IS REQUIRED TO FILE
22 ELECTRONICALLY PURSUANT TO THIS SUBSECTION MAY APPLY TO THE DIRECTOR, ON A
23 FORM PRESCRIBED BY THE DEPARTMENT, FOR AN ANNUAL WAIVER FROM THE
24 ELECTRONIC FILING REQUIREMENT. THE DIRECTOR MAY GRANT THE WAIVER, WHICH
25 MAY BE RENEWED FOR ONE SUBSEQUENT YEAR, IF ANY OF THE FOLLOWING APPLIES:

- 26 1. THE TAXPAYER HAS NO COMPUTER.
- 27 2. THE TAXPAYER HAS NO INTERNET ACCESS.
- 28 3. ANY OTHER CIRCUMSTANCE CONSIDERED TO BE WORTHY BY THE DIRECTOR.

29 G. A WAIVER IS NOT REQUIRED IF THE RETURN CANNOT BE ELECTRONICALLY
30 FILED FOR REASONS BEYOND THE TAXPAYER'S CONTROL, INCLUDING SITUATIONS IN
31 WHICH THE TAXPAYER WAS INSTRUCTED BY EITHER THE INTERNAL REVENUE SERVICE
32 OR THE DEPARTMENT OF REVENUE TO FILE BY PAPER.

APPROVED BY THE GOVERNOR MARCH 24, 2017.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 24, 2017.

Passed the House February 23, 20 17

Passed the Senate March 21, 20 17

by the following vote: 60 Ayes,

by the following vote: 30 Ayes,

0 Nays, 0 Not Voting

0 Nays, 0 Not Voting

[Signature]
Speaker of the House
 Pro Tempore

[Signature]
President of the Senate

[Signature]
Chief Clerk of the House

[Signature]
Secretary of the Senate

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR**

This Bill received by the Governor this

_____ day of _____, 20____

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

at _____ o'clock _____ M.

Governor of Arizona

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE**

This Bill received by the Secretary of State

this _____ day of _____, 20____

at _____ o'clock _____ M.

Secretary of State

H.B. 2280

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

March 23, 2017,

by the following vote: 56 Ayes,

0 Nays, 4 Not Voting

H.R. Egan

Speaker of the House

Jim Duane
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

23rd day of March, 2017,

at 3:31 o'clock P. M.

Trista Bryman
Secretary to the Governor

Approved this 24th day of

March, 2017,

at 4:03 o'clock P. M.

Joseph R. Duje
Governor of Arizona

H.B. 2280

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 24 day of March, 2017,

at 5:05 o'clock P. M.

Michelle Reagan
Secretary of State