

YOU OWE TAX ON RETAIL SALES IF: | You sell tangible personal property items to someone who plans to use the items and not resell them. The seller owes tax to Lake Havasu City whether tax was added to the price or not. Taxable items include, but are not limited to, shampoos, conditioners, gels, sprays, brushes, combs, extension, files, polishes, and/or accessories.

YOU OWE TAX IF: | No taxes were paid at the time of original purchase on any items taken from inventory for use in connection with performing professional services.

See Lake Havasu City Code Section 3.06-610

LAKE HAVASU CITY TAX RATE: | The tax rate shall be at an amount equal to two percent (2%) of gross income. Income is any value received either as funds or bartered services or merchandise.

COLLECTION OF TAX | You may choose to charge the tax separately on each sale or include the tax in your price. If you over charge any tax to your customers, you must remit the excess tax to Lake Havasu City. If your price includes tax, you can compute (factor) tax from the total taxable price and then deduct the total city, state, and county taxes from your gross receipts.



SPECIAL SITUATIONS: | If you operate a service business, income from the business is generally exempt from retail tax.

However, this is true only if sales of tangible items are an incidental part of your business. If you regularly make sales of tangible items to your customers and/or maintain an inventory of tangible items available for sale, you are engaged in a retail business and are liable for tax on such sales.

Example of an inconsequential sale: Use of a hair care product on a client's hair by a barber or beautician in connection with performing professional services is usually inconsequential. On the other hand, if the barber or beautician supplies the customer with a bottle of the product for the client's use thereafter and without the professional's assistance, the transfer of the bottle of hair care product is deemed not inconsequential, and taxable.

When filing your Arizona State Transaction Privilege Tax (TPT) you will use the following descriptions and codes:

State/County – MOH

Lake Havasu City – LH

Business Description	Region Code	Business Class	Percentage %
Retail Sales	MOH	017	5.60%
Retail Sales	LH	017	2.00%
Total			7.60%

This publication is for general information only about Transaction Privilege Tax (TPT) on income from "Retail Sales" activities. This is an informal and nonbinding communication.

For complete details, refer to Lake Havasu City Code for Privilege and Excise Taxes. In case of inconsistency or omission in this publication, the language of the Tax Code will prevail. The transaction privilege tax is commonly referred to as a sales tax; however, the tax is on the privilege of doing business in Lake Havasu City and is not a true sales tax.

Lake Havasu City Code in its entirety can be found at:

<https://codelibrary.amlegal.com/codes/lakehavasucity>