

Tax Information (928) 855-2116 | taxinfo@lhcaz.gov

YOU OWE TAX ON RENTAL OF PERSONAL PROPERTY IF: | You are in the business of renting and leasing personal property to others.

Examples of taxable rental items include:

- Office equipment
- Construction equipment
- Data processing equipment
- Restaurant equipment
- Furniture and electronics
- Machines and appliances
- DVDs, video games, etc.
- Canned computer software
- Cars, trucks, trailers, boats, planes, etc.
- Clothing or costumes

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: |

Buying Items to Rent to Others: If you are in the rental business generally, you are not taxed on purchases of items you buy for the purpose of renting to others. These purchases are considered sales for resale and are exempt.

Charges Added to Rent: Charges for items such as insurance, fuel, mileage, collision damage waiver and maintenance are taxable as part of your rental income. This is true even though the charges may be billed separately from the rental charge.

Rent for Re-rent: If you rent items to someone who re-rents the items, you are not taxable on your rental income. To claim this exemption, the lessor must obtain a properly completed resale certificate from the lessee. Rental of items such as bedding and linens to hotels/motels is not considered rent for re-rent.

Renting to Contractors or Non-profit Organizations: Rentals of equipment to contractors or most nonprofit organizations (except qualifying hospitals, community health centers or health care organizations) are subject to tax.

Lease-purchase: The rental income from leasing an item that has a purchase option is taxed under personal property rentals until the item is purchased. Income from the eventual sale is taxed as a retail sale.

Mobile Equipment: Equipment that is leased and is not permanently or semi-permanently installed in one location is taxed at the location of the leasing company.

Motor Vehicle: Motor vehicles leased for a minimum of twentyfour (24) months are taxed at the location of the dealership rather than the location of the lessor.

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 %
Rental, Leasing, & Licensing	МОН	014	5.60%
Rental, Leasing, & Licensing	LH	214	2.00%
Total			7.60%

This publication is for general information only about Transaction Privilege Tax (TPT) on income from "Rental, Leasing, & Licensing" 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

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