



## TOWN OF CAREFREE

100 EASY STREET  
P.O. BOX 740  
CAREFREE, ARIZONA 85377  
(480) 488-3686 • FAX (480) 488-3845

### Town of Carefree Privilege Tax On Real Property Rentals

The Town of Carefree levies a 3.0 % privilege tax on the gross business receipts derived from the rental of commercial real property, and on qualified residential real properties. The residential rental property is subject to the Town rental tax if the property owner has two or more residential rental units within the state of Arizona, however, even a single unit of property will be subject to the rental tax if managed by a property manager or should the owner have a commercial rental property in Arizona. Some examples of what constitutes a unit of property: a single-family house is considered to be one unit, while a duplex is two units.

Gross rent receipts include rent, late fees, sewer-trash charges, and non-refundable deposits. Further, the income received as a commission from telephone, coke, or laundry machine operators is taxable as licensing for use of real property. Please refer to the attached copy of the Town of Carefree rent tax code.

The Carefree privilege tax is collected by the Arizona Department of Revenue. You may obtain a privilege tax return on line at the Arizona Department of Revenue web site. The rental tax is reported on the line listed as "Carefree" on your Arizona privilege and use tax return, on the tax code line listed as "CA 000" at 3.0%.

## Town of Carefree Privilege Tax Code

### Article IV - Privilege Taxes

#### Sec. 09-445. Rental, leasing, and licensing for use of real property.

(a) The tax rate shall be at an amount equal to 3.0 percent (3.0%) of the gross income from the business activity upon every person engaging or continuing in the business of leasing or renting real property located within the City for a consideration, to the tenant in actual possession, or the licensing for use of real property to the final licensee located within the City for a consideration including any improvements, rights, or interest in such property; provided further that:

(1) Payments made by the lessee to, or on behalf of, the lessor for property taxes, repairs, or improvements are considered to be part of the taxable gross income.

(2) Charges for such items as telecommunications, utilities, pet fees, or maintenance are considered to be part of the taxable gross income.

(3) However, if the lessor engages in telecommunication activity, as evidenced by installing individual metering equipment and by billing each tenant based upon actual usage, such activity is taxable under Section 09-470.

(b) If individual utility meters have been installed for each tenant and the lessor separately charges each single tenant for the exact billing from the utility company, such charges are exempt.

(c) Charges by a qualifying hospital, qualifying community health center or a qualifying health care organization to patients of such facilities for use of rooms or other real property during the course of their treatment by such facilities are exempt.

(d) Charges for joint pole usage by a person engaged in the business of providing or furnishing utility or telecommunication services to another person engaged in the business of providing or furnishing utility or telecommunication services are exempt from the tax imposed by this Section.

(e) (Reserved)(Also See Peoria City Page)

(f) A person who has less than two (2) apartments, houses, trailer spaces, or other lodging spaces rented, leased or licensed or available for rent, lease, or license within the State and no units of commercial property for rent, lease, or license within the State, is not deemed to be in the rental business, and is therefore exempt from the tax imposed by this Section on such income. However, a person who has one (1) or more units of commercial property is subject to the tax imposed by this Section on rental, lease and license income from all such lodging spaces and commercial units of real estate even though said person may have fewer than two (2) lodging spaces.

(g) (Reserved)

(h) (Reserved)

(i) (Reserved)

(j) Exempt from the tax imposed by this Section is gross income derived from the activities taxable under Section 9-444 of this code.

(k) (Reserved)

(l) (Reserved) (See Chandler city page, page 11.2)

(m) (Reserved)

(n) Notwithstanding the provisions of Section \_\_\_-200(b), the fair market value of one (1) apartment, in an apartment complex provided rent free to an employee of the apartment complex is not subject to the tax imposed by this Section. For an apartment complex with more than fifty (50) units, an additional apartment provided rent free to an employee for every additional fifty (50) units is not subject to the tax imposed by this Section.

(o) Income derived from incarcerating or detaining prisoners who are under the jurisdiction of the United States, this State or any other state or a political subdivision of this State or of any other state in a privately operated prison, jail or detention facility is exempt from the tax imposed by this Section.

(p) Charges by any hospital, any licensed nursing care institution, or any kidney dialysis facility to patients of such facilities for the use of rooms or other real property during the course of their treatment by such facilities are exempt.

(q) Charges to patients receiving "personal care" or "directed care", by any licensed assisted living facility, licensed assisted living center or licensed assisted living home as defined and licensed pursuant to Chapter 4 Title 36 Arizona Revised Statutes and Title 9 of the Arizona Administrative Code are exempt.