



TPT – THE GIFT THAT KEEPS ON GIVING

**DOR attempt . . . to clarify MRRA status and tax responsibility
and some might say . . .
a bit of success !?!**

How do bureaucrats gauge success? NEW FORMS, of course!



Issue attacked – MRRA project identification; tax responsibility

- “To be” or “not to be” that is the question – am I a MRRA project?
- “To pay” or “not to pay” that is the next question – who pays the tax?



Historically – defining “notice” was form 5005

If sub gets 5005 – GC responsible for tax

If sub does NOT get 5005 – figure you/sub are responsible

But what if contracting parties are confused???



Enter – the 5088-MRRA

5005-MRRA Contractor Agreement of Tax Responsibility (MRRA) 1 / 2 153%

Arizona Department of Revenue

Arizona Form 5088-MRRA Contractor Notice of Tax Responsibility (MRRA)

Purposes: This Notice's purposes are (1) to designate a contracting project as a MRRA (see instructions for definitions) project; and (2) to reflect the Notice between the project's Contractor and its Subcontractor(s) that the Subcontractor is responsible for TPT due on the materials that it purchases and incorporates into the project. **This form is optional but highly recommended.**

Cautions: This Notice applies only to a single project. The asterisked (*) fields should be completed. If the Notice is otherwise incomplete or erroneous, then the Department may disregard it in accordance with A.R.S. § 42-5008.01 and A.R.S. § 42-5075.E.

This Notice should only be used where there is a reasonable expectation that the project is Maintenance, Repair, Replacement or where the Alteration is unlikely to exceed the threshold. Both the Contractor and the Subcontractor should retain a copy of this Notice for their records.

A. Contractor

* Name	* <input type="checkbox"/> TPT License # (if none, write "N/A - MRRA only")
	* <input type="checkbox"/> Tribal Business License #
	* <input type="checkbox"/> Tribal Number
* Address	* City, Town, or Post Office
	* State
	* ZIP Code

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Reasonable expectations – project will retain classification as MRRA or Alteration under thresholds

Optional - but DOR “highly” recommends

Single project – one 5088 for each project

Signatures – GC and Sub both execute

Tax records – subs to retain receipts

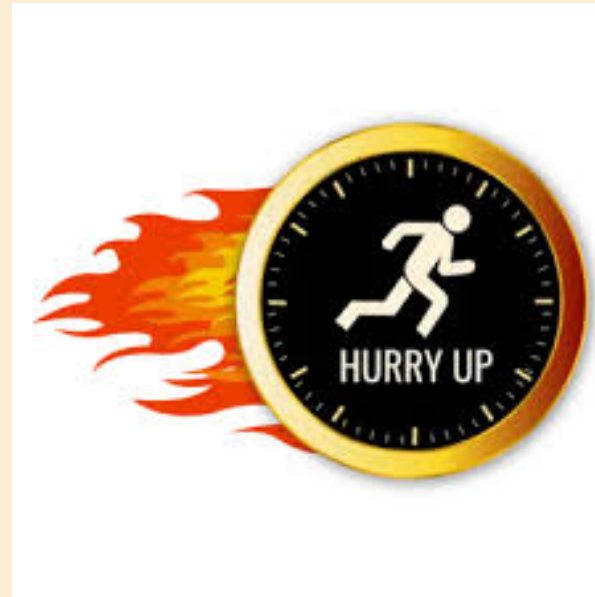


Do “Reasonable Expectations” always hold true?

– what if the project “flips” to Prime?



Quick - - GC send subs a 5005



SO – next question; can GC get tax credit for taxes paid at lower tier levels?

Otherwise – tax paid twice; would DOR want this – NO!

So how does GC achieve a credit for taxes paid to lower tiers??




Enter – the Affidavit

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 **Arizona Department of Revenue**

Affidavit	Retail TPT Equivalent Paid by the Subcontractor
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The undersigned _____ (Subcontractor) is a Subcontractor working with _____ (Contractor) on the project described as _____ .
(Provide project description such as Building Permit #, Address, Subdivision, 20-day Notice, or attach contract. This list is not exhaustive.) Subcontractor was notified by Form 5088-MRRA or otherwise that the project was determined to be a MRRA project and Subcontractor was responsible for taxes paid on materials used in the project described above.

Complete the information below as applicable:

- The Subcontractor hereby certifies that it paid the retail transaction privilege tax (TPT) equivalent reported under Business Code (BC) 315 for the project under license number _____ as follows:

Reporting Period MM/YY	Region Code County	City	Gross Amount for Materials Reported on the Project	State/County Tax Reported under BC 315 for the Project	City Tax Reported under BC 315 for the Project

USD/CAD +0.57%

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Offers a pathway for the GC to get credit for retail TPT paid by subcontractors!



Completed by the subcontractor

Section 1– report taxes paid under Business Code 315

Section 2 – retail TPT paid to vendors

Section 3– report info from of Affidavits from lower tier subs

OMG – how does GC calculate this credit??

Never fear, DOR is HERE!!



How do you submit a request for a credit?

•Once you have gathered all of the affidavits from all of the subcontractors, download the [MRRA Credit Summary Workbook](#) (in Excel format)

NOTE: COMPLETE ONE MRRA CREDIT SUMMARY PER PROJECT PER CREDIT REQUEST.

What to expect next

A MRRA Credit Request Number is assigned

A review will be conducted to:

1. Confirm the project changed from alteration to modification and is reported as modification to the Department, and
2. To ensure the accuracy of the information listed on the MRRA Credit Summary Workbook.

A Determination Letter is emailed from DOR

The credit should be requested within no more than six (6) months of the change.



