

## SPECIAL EVENTS

These guidelines apply to all special events. A business license is required for special event vendors and special event organizers engaging in business activity.

***Business activity is defined as transactions or orders for goods and services with a financial exchange, whether for profit or not for profit.***

Additionally, a Department of Revenue Sales Tax license is required if the business activity is taxable (see common taxable activities below).

### BUSINESS LICENSE REQUIREMENTS

Special event organizers and vendors are required to obtain a business license prior to the special event, unless already possessing an annual license to operate in the City, or qualifying for an exemption (see detail in a separate business license brochure). The annual fee for a Special Events Business License is \$35. The annual license covers all events or business activity engaged in, within the City of Prescott, for the calendar year in which it was issued. The City of Prescott Special Events Business License may be applied for and renewed online, as well as in person at City Hall, Tax and Licensing Division.

All special event organizers will furnish a list of all vendors participating in the event, including each vendor's business license number and transaction privilege tax number (if applicable) ten (10) days **before** the beginning of the event.

### SALES TAX LICENSE REQUIREMENTS

All vendors and organizers must comply with the City Tax Code. The most common classifications of taxable activities for vendors at special events include retail sales, restaurants, and amusements.

Businesses or individuals conducting taxable activities will be required to obtain a transaction privilege tax license (TPT) through the Arizona Department of Revenue (ADOR). The license can be applied for and taxes reported online at [www.aztaxes.gov](http://www.aztaxes.gov).

The license provides you with an account with ADOR and the City of Prescott. Both State/County, and City taxes are reported on the single tax return. The ADOR will forward the taxes paid to the City of Prescott.

## TAXABLE ACTIVITIES

**Retail:** If you sell tangible personal property, including crafts (even if you consider it a hobby), you must be licensed, and are responsible for TPT. Also, this includes food items for home consumption. The tax base for the retail classification is the gross proceeds of sales or gross income derived from the business.

**Restaurant:** Sales of prepared or served food or beverages for consumption on or off the premises are subject to TPT under the restaurant classification. Businesses selling alcoholic beverages are advised to contact the Arizona Department of Liquor Licenses and Control for information on liquor licenses.

**Amusement:** The amusements classification is comprised of the business of operating or conducting various amusement activities including contests, games, sports events, or any other business which charges admission or user fees for exhibition, amusement or entertainment. Any charges or fees for activities such as games, rides, horse rides, balloon rides and any admission fees are subject to TPT under the amusement classification.

**Personal Property Rental:** Personal Property Rental Classification TPT is imposed on persons, such as special event promoters, renting or leasing tangible personal property like tables and chairs.

**Commercial Lease:** The fee charged to a vendor for space to show his wares is taxable. There may be exemptions for certain types of non-profit activities. The tax may be added to the cost of the vendor's rental fee.

**Exemptions:** Some common exemptions to taxable activity for special events include:

1. Sales of paintings, sculptures or similar works of fine art sold by the **original** artist are exempt from City sales tax, but not State sales tax. For example, an original oil painting would not be subject to City sales tax, but a print copy would. Sales of "art creations", however are subject to tax. "Art Creations" are defined as having a dual purpose, both aesthetic and utilitarian, such as jewelry, glasswork, pottery, woodwork, metalwork, furniture and clothing.
2. Sales by non-profit organizations operated exclusively for charitable purposes.
3. Sales of food products by producers (farmers) selling their own products

## CALCULATING THE TAX

Although privilege tax is normally passed on to the consumer, it is actually a tax charged to the vendor for the "privilege" of doing business in Arizona. The tax can be added to the price of the item, or it can be included in the price of the item.

## ADDITIONAL RESOURCES

ADOR has a website dedicated for Special Events. The site includes helpful information for licensing and tax compliance. The website is located at [www.azdor.gov](http://www.azdor.gov) and Transaction Privilege Tax (TPT) > Reporting Guide > Special Events Craft Shows & Trade Shows.

To view a complete copy of the City tax code, please go to: <http://www.prescott-az.gov>

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This publication is for general information regarding Transaction Privilege (Sales) Tax and licensing requirements for events. For complete details, refer to the City of Prescott Privilege & Use Tax Code and related regulations. In the case of an 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, under the State of Arizona law; the tax is on the privilege of doing business in Prescott and is not a true sales tax.

