

Transaction Privilege Tax

Arizona does not have a traditional sales tax where the tax is imposed on the purchaser of goods. Instead, the tax is levied directly on the seller or vendor for the privilege of engaging in business within Arizona; hence, the name transaction privilege tax. Whether the seller includes the tax in the purchase price or absorbs the tax, the seller is responsible for remitting the entire amount of the tax to the state and/or local taxing jurisdiction. The tax is applied to gross proceeds of sales or gross income derived from a taxable business. The current state tax rate is 5.6 percent; the City of Kingman current tax rate is 2 percent; and Mohave County's current tax rate is 0.25%.