

Sidewalk Vending Requirements Related to Privilege (Sales) Tax

All licensees/sublicensees for sidewalk vending must be licensed for sales tax reporting. Each vending location is a business location and must be licensed separately; an “address” has been assigned for each location. All application and annual license fees have been waived for the sidewalk vending locations. Licensees must report the sales for each location on the tax return for that location; the revenue may not be combined with another location or operations elsewhere in the City. Returns are required on a monthly basis with no exceptions.

Sales of any prepackaged food (bottled water or peanuts, etc.) as well as the sale of prepared food (hot dogs, sno cones, etc.) are taxable under the restaurant classification (Phoenix City Code Sections 14-100 & 14-455). This income is to be reported under the Business Class “07” (Restaurant & Bar) on your sales tax return, not under Class “22” (Retail).

Licensees are required to complete and file all City sales tax returns and pay all tax and fee amounts on a timely basis. This includes all other City licenses held by the licensee. Unfiled returns or unpaid tax/fee balances on any license are grounds for suspension or termination of the license agreement.

All sidewalk vending licensees are required to maintain income and purchase records for six years under Phoenix Tax Code Section 14-350, including but not limited to:

- Receipts for all items purchased for resale
- Receipts for all supplies and fixed assets
- Daily and monthly records of gross sales from the vending business
- Bank deposit slips and monthly bank statements
- Arizona transaction privilege tax returns
- City of Phoenix privilege tax returns
- Federal and State income tax returns

As with any person doing business in Phoenix, all sidewalk vending businesses are subject at any time to audit of their books and records. The License Agreement also requires that “within ten (10) calendar days after demand, Licensee shall produce for inspection by the Tax Collector the records, books and accounts relating to this Agreement required to be maintained.” Under this requirement, the City may require the licensee to provide any of the required records to document amounts on the privilege tax returns.