



City of Phoenix

FINANCE DEPARTMENT
TAX DIVISION

IMPORTANT CHANGE PHOENIX EMERGENCY PRIVILEGE SALES TAX ON FOOD EFFECTIVE JANUARY 1, 2014

On October 16, 2013, the Phoenix City Council approved an ordinance to amend the City of Phoenix Tax Code to reduce the City of Phoenix privilege tax rate for the Retail Sales of Food for Home Consumption business classification of the Model City Tax Code Section 14-462(a). This section provides for the taxation of purchases and sales of food for home consumption, while maintaining the exemption of food purchased with food stamps. The business activity of retail food sales is reported under a separate Business Code number 30 on tax return forms. The privilege sales tax rate for purchases and sales of food for home consumption will be reduced from two percent (2%) to one percent (1%) effective January 1, 2014, with a complete elimination of the tax upon its sunset date of April 1, 2015.

Retail food sales through December 31, 2013 should continue to be taxed at the privilege tax rate of two percent (2%). Beginning January 1, 2014, retail food sales should be taxed at the reduced privilege tax rate of one percent (1%).

The sales tax reduction will be effective at the beginning of the reporting periods for taxpayers on a monthly, quarterly, or annual reporting cycle and therefore, it anticipated that this will facilitate the reporting of retail food sales tax appropriately.

If you have any questions regarding this information, please contact the Tax Division staff at (602)262-6785, option 6, or by e-mail at tax@phoenix.gov.

Tax Administrator