

**TOWN**

*of*

**PARADISE VALLEY**



Contractor Bond Exemption Certificate  
Community Development Department  
6401 E Lincoln Drive  
Paradise Valley, AZ 85253  
(480) 348-3692

## **Contractor Bond Exemption Certificate** **Arizona Department of Revenue**

Recent state legislation made numerous changes to the transaction privilege tax code for both the state and town. The contracting tax remains for new construction and the tax is changed for certain activities now labeled MRRA activities that include:

1. Maintenance of property or equipment
2. Repair of property or equipment
3. Replacement of existing property or equipment
4. Alteration of existing property

Alteration of real property has certain requirements to be considered taxable contracting.

1. Residential property: If the contract price is over 25% of the property's full cash value as stated on the Maricopa County Assessor website; the contract is taxable and the contractor must pay contracting tax based on the total contract amounts.
2. Commercial property:
  - a. The contract is \$750,000 or less
  - b. The scope of work relates to 40% or less of the existing square footage
  - c. The scope of work does not expand the existing square footage over 10%

Note: All 3 requirements must be met to be considered exempt from the contracting tax:

If the permit valuation and/or the contract amount of an alteration contract deems the project taxable the contractor must have an active Transaction Privilege (sales) Tax license. If the contract qualifies as an MRRA project the contractor must pay the Town tax based on any material provided that was purchased tax free from a material supplier. A full explanation can be found at the Department of Revenue website at: [www.azdor.gov](http://www.azdor.gov)

For all new construction and MRRA projects meeting the above guidelines, the Town of Paradise Valley requires one of the following types of certificate prior to being issued a building permit: the annual bond exemption certificate, a one-time bond exemption certificate, or a receipt form from ADOR. (See samples attached).

Contractors should call the Department of Revenue at (602) 716-6056 or (800) 634-6494 to obtain an annual bond exemption certificate. If they don't qualify, the Department of Revenue will issue either a one-time exemption certificate or a receipt for bond which will be faxed directly to the Town of Paradise Valley.

Information required for a one-time bond exemption includes contractor company name, transaction privilege tax license number, project address including city, estimated completion date and value of contract. This information may be faxed to 602-716-7990.



**Arizona Department of Revenue**  
**License & Registration Section**  
 1800 W MONROE  
 PHOENIX AZ 85007-2650

**BOND EXEMPTION CERTIFICATE**

Issued To: (LEGAL BUSINESS NAME)  
 (DBA NAME)  
 (ADDRESS)  
 (CITY, STATE & ZIP)

License #

ALL communications and reports MUST REFER to this LICENSE NO.

THE CONTRACTOR LISTED ABOVE IS EXEMPT FROM A.R.S. 42-5007 BONDING  
 -NOT TRANSFERABLE-

**SAMPLE**

FROM: (DATE)  
 TO: (DATE)

EFFECTIVE DATE

(PRINT DATE)

PRINT DATE



# One-Time Bond Exemption Certificate

Date: \_\_\_\_\_

Legal Business Name: \_\_\_\_\_

DBA: \_\_\_\_\_

Transaction Privilege Tax License Number: \_\_\_\_\_

**PROJECT ADDRESS**

**ESTIMATED COMPLETION DATE:** \_\_\_\_\_

**VALUE OF CONTRACT** \_\_\_\_\_

This exemption applies only to the construction project specified above. If you have any questions, please call our Bond Compliance Officer at (602) 716-6056 or (800) 834-6494 toll-free in state.

Signature \_\_\_\_\_  
Title \_\_\_\_\_

ADOR 74-4005 (8/03)

**SAMPLE**

Arizona Department of Revenue  
Receipt Form

[Empty box]

Date:

Taxpayer ID No.: \_\_\_\_\_

Taxpayer: \_\_\_\_\_

Tax for: \_\_\_\_\_

Surety Bond No. : \_\_\_\_\_ Underwriter: \_\_\_\_\_

Received of: \_\_\_\_\_

Transaction/Document:

Total: \$ \_\_\_\_\_

Check: \_\_\_\_\_

Cash: \_\_\_\_\_

Tax Type (check one):

- Income
- Withholding
- Forms
- Other \_\_\_\_\_ (Specify)
- Transaction/ Mortgage
- Corporate
- Bonds

Preparing Section: \_\_\_\_\_  
 Signatures: \_\_\_\_\_  
 Prepared by: \_\_\_\_\_  
 Verified:  
 1. Comptroller: \_\_\_\_\_  
 2. Comptroller: \_\_\_\_\_

ADOR 09-1010 (8/04)  
Previous ADOR 10-1010

White - Document      Canary - Customer      Pink - Internal      Gold - Internal

SAMPLE