



State of Arizona Accounting Manual

Topic 45 Expenditures, Expenses and Disbursements
Section 06 Purchases by the State
Subject to Tax

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INTRODUCTION

This section of SAAM confirms the obligation of agencies to pay, as appropriate, the related transaction privilege (i.e., sales) tax or use tax on their purchases. Additional information regarding compliance with this policy can be found on the Arizona Department of Revenue's website <https://www.azdor.gov/>.

POLICY

1. In general, all sales made to any agency of Arizona State Government are subject to the transaction privilege tax (sales tax) imposed by Title 42, Chapter 5, of the Arizona Revised Statutes. (The transaction privilege tax is imposed on the seller, who has the right to pass on the expense of the tax to the purchaser.)
2. Some purchases may be subject to the Arizona use tax (imposed under Title 42, Chapter 5, Article 4) rather than the transaction privilege tax, depending on the seller's business presence in Arizona. If an out-of-state seller does not invoice a tax amount, the state agency is required to report and remit the Arizona use tax to the Arizona Department of Revenue.
3. Statutory transaction privilege or use tax exemptions may apply to purchases made by a state agency, and generally require the submission of a Department of Revenue exemption certificate to the seller.
4. The method of purchase or payment—cash, P-Card, warrant, ACH, wire transfer, telephone, in person, online, etc.—has no effect upon the agency's responsibility to pay the transaction privilege or use tax.