



Quick Fact Sheet for Real Property Rentals

Note: The purchaser of rental property may be liable for taxes owed by the previous owner, if the previous owner has not filed or remitted his taxes properly. You are advised to have this owner contact the city for a "Certificate of Good Standing" prior to completing any purchase of real property rentals.

Properties managed by a property manager

- All properties are taxable.
- All commercial rental properties must be separately licensed in the name of the property owner(s), but can show the property manager name and address as the mailing address.
- Multi-unit properties must be separately licensed in the name of the property owner(s), but can show the property manager's name and address as the mailing address.
- Only one license is required for multiple single family residential rentals (SFR); e.g., houses.

Self-managed properties

- An owner with one or more units available for rent, or with one commercial rental unit, in the state of Arizona must be licensed listing the owner address as the business address.
- All commercial rental properties must be separately licensed.
- Multi-unit properties must be separately licensed.
- Only one license is required for multiple single family residential rentals (SFR); e.g., houses, listing the owner address as the business address.

Reporting of income

- All amounts paid by the tenant under terms of the lease agreement are considered taxable gross income to the lessor, unless an allowed exemption, deduction or exclusion exists.
- All amounts paid by the tenant to the lessor or paid on the lessor's behalf are considered taxable gross income including:
 - property tax (i.e., paid to the lessor or the County)
 - mortgage
 - repairs
 - pet fees
 - non-refundable deposits

- forfeited deposits
- recoveries due to court action

For details on deductions and factoring of tax, see the “Rental of Real Property” brochure.