



Arizona Department of Revenue

Arizona Form 5005

Contractor's Certificate Prime Contracting and MRRA

The purpose of this Certificate is to provide a subcontractor with the validation required for prime contracting transaction privilege tax (TPT) exemption, and for exemption from liability for an amount equal to retail TPT on materials incorporated or fabricated into maintenance, repair, replacement or alteration (MRRA) projects. The Certificate can be provided for a particular project, for a period of time, or until revoked. This Certificate establishes liability of the contractor issuing it for the prime contracting TPT and/or the amount equal to the retail TPT; therefore, it must be completed by the contractor assuming the liability. The asterisked (*) items must be completed; otherwise, the Certificate is not valid. The Department may disregard this Certificate pursuant to A.R.S. § 42-5008.01 or A.R.S. § 42-5075.E if the Certificate is incomplete or erroneous. If disregarded, the subcontractor accepting the Certificate will have the burden of proving (pursuant to A.R.S. § 42-5008.01 or A.R.S. § 42-5075.D), that it is not liable for the prime contracting TPT and/or the amount equal to the retail TPT.

Prime contractor should provide this Certificate to the subcontractor(s) and retain a copy for their records.

A. Contractor

* Name	* <input type="checkbox"/> TPT License <input type="checkbox"/> Tribal Business License <input type="checkbox"/> Tribal Number		
* Address	City, Town or Post Office	State	ZIP Code
AZ Contractor License Number	Phone Number		
<input type="checkbox"/> I am a Native American Contractor working on the reservation established for my tribe. <i>(Provide your Tribal Business License or Tribal Number above.)</i>			
I am performing contracting work for a <input type="checkbox"/> Native American member or <input type="checkbox"/> the Tribe for which the reservation is established named below. Name of Tribe			

B. Subcontractor

* Name	* TPT License # (if none, write "N/A - MRRA only")		
* Address	City, Town or Post Office	State	ZIP Code
AZ Contractor License Number	Phone Number		

C*. Type of Certificate (check one and provide requested information)

<input type="checkbox"/> Single Project Certificate *PROJECT DESCRIPTION * (For example; Building Permit #, Address, Subdivision, Book/Map/Parcel #s, and/or Legal Description) Project Designation (see instructions for definitions) <input type="checkbox"/> MRRA <input type="checkbox"/> Modification	OR	<input type="checkbox"/> Blanket Certificate (check applicable box and fill in requested information). <input type="checkbox"/> Period From: _____ Through: _____ <input type="checkbox"/> Until revoked * NOTE: Blanket Certificate indicates the prime contractor is responsible for every contract during the period regardless of contract designation. <input type="checkbox"/> Specific Project Exclusion: <input type="checkbox"/> Description: _____ Designation: <input type="checkbox"/> MRRA <input type="checkbox"/> Modification
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I hereby certify that I am the contractor issuing this form or I have authority to sign this Certificate on behalf of Contractor. **I understand that by executing this Certificate, Contractor is licensed for TPT purposes and is assuming the prime contracting TPT liability and/or the amount equal to retail TPT liability applicable to the above referenced project(s).**

SIGNATURE

PRINT NAME

TITLE

DATE SIGNED

Contractor's Certificate Instructions

GENERAL INSTRUCTIONS

In order to ensure the effectiveness of the Certificate, all required fields must be completed.

- A. The "NAME", "ADDRESS", and "TPT LICENSE NUMBER" fields of the Contractor section must be completed. The contractor is the entity responsible for the tax.

A contractor who is Native American, working on the reservation established for their tribe will mark the box indicating this.

A contractor working for the Native American or the Tribe on the reservation established for the Tribe will mark the box indicating this. The name of the Tribe must also be included.

- B. The "NAME", "ADDRESS", and "TPT LICENSE" fields of the Subcontractor section must be complete.

- C. Either the "Single Project Certificate" box or the "Blanket Certificate" box of the Type of Certificate section must be checked.

- If the "Single Project Certificate" box is checked, the "PROJECT DESCRIPTION" must be supplied. The project description must be sufficient to identify the location of the single project or the Certificate will be deemed incomplete by the Department.

- Additionally, if the "Single Project Certificate" box is checked, a project designation description must be provided. See below for definitions.

- If the "Blanket Certificate" box is checked, either the "From: Through:" box or the "Until revoked" box must be checked. If the "From: Through:" box is checked, the "From: Through:" dates must be provided. The "Specific Project Exclusion" box is optional and allows the "Prime Contractor" to exclude specific projects or time periods from the Blanket Certificate. If the "Specific Project Exclusion" box is checked, details including the project's description and designation or the excluded time periods must be provided.

- The "SIGNATURE", "TITLE", "PRINT NAME" and "DATE SIGNED" FIELDS of the Signature section must be completed.

Failure to complete these fields as specified may result in the Department disregarding the incomplete Certificate.

MARRA AND MODIFICATION DEFINITIONS

Maintenance: The upkeep of property or equipment.

Repair: Returning existing property to a usable state from a partial or total state of inoperability or non-functionality.

Replacement: Removal from service of existing property of a: (i) *component*; or (ii) *system*; or (iii) *type of tangible personal property*, and replacement with another one that provides the: (i) same; or (ii) similar; or (iii) upgraded design or functionality; regardless of whether the existing component or system or existing tangible personal property is physically removed from the existing property.

Component: One of the parts of a compound or complex whole; helping to make up the whole of something. A component may be part of a system.

System: A regularly interacting or interdependent group of items (or components) forming a unified whole.

Tangible personal property installed in existing property: Property installed into existing real property that can still be identified after installation, that does not lose its character and can be removed in essentially the same form.

Alteration: An activity or action that causes a direct physical change (e.g., adding or expanding square footage) to existing property that cannot be classified as maintenance, repair or replacement and that is under the following thresholds. For *residential* property (see explanation below) the alteration amount is less than 25% of the property's value as determined by the county assessor. For *commercial* property (see explanation below), the alteration amount is for less than \$750,000. If the above thresholds are exceeded, then the project is a modification project (see below).

Modification: Activities encompassing "ground up" construction, grading and leveling ground, and wreckage or demolition, or other new contracting activity where none previously existed to the extent such activity cannot otherwise be characterized as maintenance, repair, replacement or alteration ("MARRA").

Residential: Existing property classified as class two property and that is used for residential purposes (see A.R.S. § 42-12002(1)(c)); class three property (see A.R.S. § 42-12003), or class four property (see A.R.S. § 42-12004).

Commercial: All other existing property not classified as residential (classes one, five, six, seven, eight, and nine). See A.R.S. §§ 42-12001, 42-12005, 42-12006, 42-12007, 42-12008, and 42-12009.

RETROACTIVE EFFECT

If a Certificate is not signed contemporaneously with the commencement of a contracting project intended to be within the scope of the Certificate, the Department will accept the Certificate as evidence of the alleged facts. However, the person receiving the Certificate may not receive the benefit of the Certificate if the Department determines that any of the facts set forth in the Certificate are inaccurate.

ASSUMPTION OF TPT LIABILITY

In most instances, the entity assuming the transaction privilege tax liability for the contracting project(s) referenced in the Certificate will legally be the prime contractor for such project(s). However, in some instances such entity may not legally be the prime contractor for such project(s). If an entity is not the prime contractor for such project(s), the Certificate will nevertheless be effective and will subject such entity to the transaction privilege tax liability of the entity receiving the Certificate.