

W-2 & 1099 time

It's time to prepare W-2's for employees and 1099's for outside service providers.

Remember that there are penalties for inaccurate information, so check your records for accurate (including spelling):

- Payee first and last names
- Addresses
- Social Security Numbers

If you are missing any information, give a W-9 form to the payee to complete. If in doubt, send a W-9. You can download a printable W-9 form at www.irs.gov/pub/irs-pdf/fw9.pdf, or call our office and we will send one to you.

W-2's and 1099's need to be out to workers by Jan. 31, and also be filed with the government by Jan. 31. During the past year, we have seen penalties imposed for missing or inaccurate forms.

The 1099 forms are required for payments of \$600 or more to non-incorporated entities (including LLC's) for rent, interest paid or services rendered.

Income for independent contractors ("non-employee compensation") is reported on Form 1099-NEC, while rent, attorney payments and other types of income will be reported on Form 1099-MISC.

Annual sales tax licenses

Most businesses received the bill for the \$20 Municipal Tax License fee with the ADOR annual license renewal in mid-December. That fee and the state license renewal are handled by ADOR and filed through your aztaxes.gov account. The Bookkeepers will schedule renewal and payment if we do your sales tax reports.

The City of Tucson's \$50 annual business license fee is billed separately and must be paid to the city, not to the state along with state fee. You should have al-

ready received the city renewal form in the mail. If you need help with the form, please turn it in with your December work so we can fill it out and send it back.

It can be paid by mail, at a city cashier, or online at <https://tucsonaz.taxandrevenue.opengov.com>. This is a new address for Tucson online services, and existing license holders will need to register for a username and password.

W-4 and A-4 forms

Every Arizona employer is required to make Arizona's A-4 withholding form as well as the federal W-4 form available to its Arizona employees by Jan. 31.

The form is available for download at <https://azdor.gov/forms/withholding-forms/arizona-withholding-percentage-election>, or call our office for a copy. Also, there is a Form A-4C for employees who make donations to tax credit organizations to request reduced withholding.

The 2025 A-4 has seven withholding rate options, the same as on the 2024 form, topping out at 3.5%. (Arizona has only one income tax rate -- 2.5% of taxable income.)

The box for zero withholding option and the line for additional Arizona withholding also appear.

If an employee doesn't fill out a new A-4 form, the employer will use a default rate of 2.0%. Withholding forms are not sent to the government but kept by the employer in their payroll records.

Mileage for tax time

IRS' standard rate for business mileage was 67¢ for 2024. As you tally up your business mileage for the year, remember to keep your mileage records with your tax papers. IRS requires written records for mileage to be deducted.

At publication time, IRS had not yet announced the standard business mileage rate for 2025.

