

LEGISLATIVE DIGEST

[Business and Tax Regulations Code - Administration of Early Care and Education Commercial Rents Tax]

Ordinance amending the Business and Tax Regulations Code to add provisions to administer the Early Care and Education Commercial Rents Tax, and to make other non-substantive changes.

Existing Law

Existing law provides for the administration of most of the City's taxes. These administrative provisions include definitions; the Tax Collector's audit and collection authority; filing and payment requirements; rules for refunds and lawsuits; penalty, interest, and citation provisions; and taxpayer confidentiality provisions, among others.

Amendments to Current Law

This ordinance would extend these provisions, as applicable, to the Early Care and Education Commercial Rents Tax, passed by the voters at the June 5, 2018 election. In general, the Early Care and Education Commercial Rents Tax would be administered in the same manner as the gross receipts tax in Article 12-A-1. But for tax years ending on or before December 31, 2019, persons or combined groups would calculate their estimated tax payments using their actual taxable gross receipts from the lease of commercial space in properties in the City for the quarter multiplied by the appropriate tax rate, instead of using the lesser of: (a) 25% of the tax liability shown on the person or combined group's return for the tax year; and (b) 25% of the tax liability shown on the person or combined group's return for the preceding tax year. And no estimated tax penalties would apply to estimated tax payments of the Early Care and Education Commercial Rents Tax for tax periods ending on or before December 31, 2019.

This ordinance would also update a cross reference to Article 12-A-1 in the definition of "Commercial Space" in the Early Care and Education Commercial Rents Tax Ordinance to reflect amendments made to Article 12-A-1 in early 2018.

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