March 5th, 2025



Treasurer & Tax Collector

Voluntary Disclosure Agreement and Advance Written Determination Ordinance Budget and Finance Committee

Business Tax Reform



- On November 5, 2024, San Francisco voters approved Proposition M, a comprehensive restructuring of the city's business tax system.
- Our Office is implementing key components of reform in 2025.
- Two components for approval today are a direct response to taxpayer feedback seeking more guidance and certainty.
- This ordinance establishes the following:
 - Voluntary Disclosure Agreement (VDA) Program
 - Advance Written Determination (AWD) Fee
 Authorization

Voluntary Disclosure Agreement (VDA)

Overview

- This ordinance authorizes the Tax Collector to waive taxes, penalties, and/or interest for businesses who come forward and pay unpaid back taxes and interest.
- Businesses must disclose and pay unpaid taxes and interest for the previous six years.

Eligibility Requirements

- Businesses **must not** have a business registration certificate.
- Businesses must not have been previously contacted by the Office of the Treasurer & Tax Collector regarding unreported taxes or failure to register.

Program Timeline

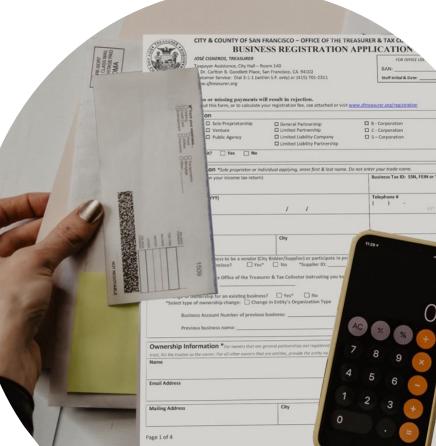
- Applications for voluntary disclosure will be accepted this Spring to align with the effective date of this ordinance.
- Authorized through December 31, 2027.





VDA Revenue Projections

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- Since 2019, an informal VDA program has generated \$2.9 million in back taxes and \$1.6 million in ongoing tax revenue.
- Based on this data, we project the following revenue over three years that the program is authorized:
 - \$1.5 million in prior year tax revenue collected
 - \$1 million in ongoing tax revenue.



Advance Written Determination (AWD)

Overview

- Proposition M requires that our Office establish the AWD program.
- This ordinance authorizes the Tax Collector to charge fees for reviewing applications and providing advance determinations of tax liability.

Fee Schedule

- \$250 for application filed on or before December 31, 2025.
- For applications filed after December 31, 2025, the fee will be no more than the Tax Collector's cost of providing the determination.

Program Timeline

- Begin accepting applications on the effective date of this ordinance.
- Authorizes the Tax Collector to charge fees for advance determinations on applications filed through December 31, 2027.







Treasurer & Tax Collector CITY AND COUNTY OF SAN FRANCISCO

Thank you!

Questions can also be emailed to: amanda.fried@sfgov.org