

LEGISLATIVE DIGEST

[Business and Tax Regulations Code - Miscellaneous Changes]

Ordinance amending the Business and Tax Regulations Code by, among other things: 1) (Common Administrative Provisions) requiring monthly installment payments rather than prepayments of hotel and parking taxes; eliminating the annual parking tax bond renewal requirement; providing a due date for business registration fees; excluding penalties from calculation of interest on tax determinations; adding an underreporting penalty for failure to file a return when tax liability exceeds \$5,000; changing the penalty for failure to register or update a registration, making misstatements in a registration, failure to allow inspection or production of records, and failure to file a return; 2) (Tax on Occupancy of Parking Space in Parking Stations) eliminating the prepayment Revenue Control Equipment certification; 3) (Business Registration provisions) requiring a copy of the business registration certificate rather than a business tax registration tag be displayed on company vehicles; eliminating the Tax Collector's authority to suspend a business registration certificate; 4) (Payroll Expense Tax Ordinance) providing that interest applies to unpaid penalties but not unpaid fees and interest; changing the date that the Office of Economic and Workforce Development must provide the Tax Collector a list of persons eligible to claim the Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion; and, 5) (Parking Stations, Revenue Control Equipment) specifying the date the Revenue Control Equipment Compliance Fee is due.

Existing Law

The Treasurer/Tax Collector administers the City's taxes pursuant to the Common Administrative Provisions in Article 6 of the San Francisco Business and Tax Regulations Code. The Common Administrative Provisions impose on taxpayers and businesses specific requirements regarding collecting, reporting and remitting taxes. They also contain provisions describing the refund, audit and enforcement processes. The Common Administrative Provisions apply to Article 7: Tax on Transient Occupancy of Hotel Rooms, Article 9: Tax on Occupancy of Parking Space in Parking Stations, Article 10: Utility Users Tax, Article 10B: Access Line Tax, Article 11: Stadium Operator Admission Tax, Article 12: Business Registration, Article 12-A: Payroll Expense Tax, Article 12-A-1: Gross Receipts Tax Ordinance, Article 12-B: Business Tax Refund of the Business and Tax Regulations Code, and to Chapter 105 of the Administrative Code: Cigarette Litter Abatement Fee Ordinance.

Amendments to Current Law

This Ordinance amends the Business and Tax Regulations Code, Common Administrative Provisions to add cross-references to the Gross Receipts Tax Ordinance, enacted in November 2012, correct clerical errors, and make miscellaneous administrative changes. The administrative changes include deleting references to “prepayments” and providing for monthly installments instead, deleting the requirement that the taxpayer renew its parking tax bond annually, providing a due date for business registration fees, excluding penalty amounts from the calculation of interest on tax determinations, adding a substantial underreporting penalty for failure to file a return when the tax liability exceeds \$5,000, and changing the penalty from the amount of the annual registration fee to the greater of \$100 or the amount of the penalty for underreporting tax for failure to register or update a registration, making misstatements in registration, failure to allow inspection of or to produce records, and failure to file a return.

This ordinance revises the requirement that certain taxpayers display a business tax registration tag on company vehicles to require that the taxpayer instead display a copy of its business registration certificate. The ordinance eliminates the Tax Collector’s authority to suspend a business’s registration certificate.

This ordinance amends the Payroll Expense Tax Ordinance to provide that interest applies to unpaid penalties but not unpaid fees and interest, and to change the date that the Office of Economic and Workforce Development must provide the Tax Collector with a list of persons eligible to claim the Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion.

This ordinance also specifies the date the Revenue Control Equipment (RCE) Compliance Fee is due and deletes the pre-payment RCE certification.

Background Information

Proposition E was enacted by the voters at the election on November 6, 2012, and shall become operative on January 1, 2014. In addition to imposing a gross receipts tax, Proposition E made changes to the payroll expense tax, the business registration fee, and the common administrative provisions of the Business and Tax Regulations Code (BTRC). This ordinance amends the BTRC to facilitate tax administration, following the passage of Proposition E. It also corrects clerical errors, and makes miscellaneous administrative changes.

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