

LEGISLATIVE DIGEST

[Business and Tax Regulations Code - Amendments to Common Administrative Provisions, Business Registration, Payroll Expense Tax, and Gross Receipts Tax]

Ordinance amending the Business and Tax Regulations Code by: 1) revising the minimum filing amounts for the payroll expense tax and gross receipts tax and making the amounts consistent with administrative requirements for the small business exemptions; 2) clarifying penalty and interest provisions; 3) clarifying that each member of a combined group engaged in business in San Francisco must register with the Tax Collector; 4) clarifying when annual adjustments must be made to the business registration fee; 5) clarifying the basis of the business registration fee; and 6) deleting obsolete registration provisions.

Existing Law

Existing law:

- Exempts certain persons from filing returns and paying the payroll expense tax and/or gross receipts tax, and from paying penalties for the late payment of those taxes;
- Delineates who must register with the Tax Collector and pay the business registration fee;
- Sets the basis of the business registration fee; and
- Directs the Tax Collector to issue a business registration certificate within 30 days of the Tax Collector's determination that all requirements for obtaining the certificate have been met.

Amendments to Current Law

This ordinance would make a number of administrative changes to the payroll expense tax, gross receipts tax, and business registration fee, including:

- Clarifying the minimum amounts of payroll expense and gross receipts above which persons must file payroll expense tax and gross receipts tax returns;
- Creating a new gross receipts tax filing exemption for lessors of residential real estate that lease fewer than 4 units in an individual building;
- Clarifying that persons otherwise qualifying for the small business exemption from the payroll expense tax or gross receipts tax need to file a return only if required to do so under the return filing provisions of the Business and Tax Regulations Code, and clarifying the basis for the calculation of the penalty if the person does not file as required;
- Clarifying the situations in which taxpayers are exempt from paying penalties for the late payment of payroll expense taxes or gross receipts taxes;

- Confirming that each member of a combined group of entities that is engaged in business in San Francisco must obtain a separate business registration certificate but that business registration certificate renewals must be submitted on a combined basis and business registration fees must be calculated on a combined basis;
- Clarifying that the business registration fee will be calculated based only on payroll expense or gross receipts attributable to San Francisco, and confirming that the amount of the business registration fee will not be adjusted for inflation until the fiscal year commencing July 1, 2016;
- Permitting the Tax Collector to issue a business registration certificate by the later of: (1) 30 days after the Tax Collector determines that all requirements for obtaining the certificate have been met; or (2) the date on which the business registration certificate would be effective; and
- Deleting provisions that have been rendered obsolete by prior amendments to the Business and Tax Regulations Code, and fixing minor typographical errors.

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