

POSSIBLE FILING REQUIREMENT LOS ANGELES BUSINESS TAX

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You *may have a filing requirement* with the City of Los Angeles or another municipality if you live or work elsewhere. You may be subject to Business Tax if

- you operate a business,
- engage in rental activities,
- or are paid as an independent contractor.

Business Tax is not the same as federal or state income tax and is, instead, an entirely separate and additional requirement.

For a newly established business within Los Angeles, a minimum tax is due on or before the start of business and should be paid at the time of application. An additional tax may be due at the end of the tax period if the gross receipts generated during the first period of operations exceeded the amount of gross receipts covered by the minimum tax previously paid. *Failure to obtain the required Tax Registration Certificate and/or pay all business taxes in a timely manner may result in penalty and interest charges.* The City may also resort to legal remedies.

Businesses that establish a new fixed location within the City and are not owned in whole or in part by a person that was engaged in business in the City in the preceding tax year may qualify for a **New Business Exemption** (Los Angeles Municipal Code §21.30) for the first two years of operation. A qualifying new business will not be required to pay the applicable minimum tax or any additional business tax if its taxable gross receipts are less than \$500,000 per year. This tax exemption does not include construction businesses or film producers. *Filing must be made in a timely manner in order to qualify for this exemption.*

Previously registered businesses will receive automatically renewal statement(s) in the mail during January. *Whether or not a renewal statement is received, a timely return must still be filed to avoid payment of penalty and interest.* Annual taxes are due January 1st of each year and are delinquent if not paid by **February 28th**. The amount of business tax due is based on the gross receipts generated during the previous reporting period (the prior year), subject to applicable reductions under City Clerk Rulings.

A small business with \$100,000 or less of taxable and nontaxable gross receipts within and without the City, may qualify for a **Small Business Exemption** (LAMC §21.29). *To obtain the exemption, the Office of Finance must receive a renewal form in a timely manner.* Upon qualifying, a letter of exemption will be mailed.

For further information or to request requisite forms, please contact:

OFFICE OF FINANCE
CITY HALL
200 N. SPRING STREET, RM 101
LOS ANGELES, CA 90012
(213) 473-5901
<http://www.lacity.org/finance/finE.htm>

➔ **NOTE:** *Other municipalities may have similar registration and payment requirements. Please contact your community's business office or chamber of commerce for information.*

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