

**CITY OF SACRAMENTO
BUSINESS OPERATIONS TAX INFORMATION**

SALES & SERVICE

The Business Operations Tax imposed by the City is based on gross receipts. Section 3.08.020 Chapter 3 (Business Operations Tax) of the Sacramento City Code defines gross receipts as the total amount actually received or receivable from all sales; the total amount of compensation actually received or receivable for the performance of any act or service, of whatever nature it may be, for which a charge is made or credit allowed, whether or not such act or service is done as part of or in connection with the sale of materials, goods, wares or merchandise; and gains realized from trading in stocks of bonds, interest discounts, rents, royalties, fees, commissions, dividends, or other emoluments, however designated. Included in "gross receipts" shall be all receipts, cash, credits and property of any kind or nature, without any deduction therefrom an account of the cost of the property sold, the cost of materials used, labor or service costs, interest paid or payable, or other expenses whatsoever, except that the following shall be excluded therefrom:

- (1) Cash discounts allowed and taken on sales.
- (2) Credit allowed on property accepted as part of the purchase price and which property may later be sold, at which time the sales price shall be included as "gross receipts".
- (3) Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser.
- (4) Such part of the sale price of property returned by purchasers upon rescission of a contract of sale as is refunded either in cash or by credit.
- (5) Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded.
- (6) Amounts collected for others where the business is acting as an agent or trustee to the extent that such amounts are paid to those for whom collected, provided the agent or trustee has furnished the Administrator with the names and addresses of the others and the amounts paid to them. This exclusion shall not apply to any fees, percentages, or other payments retained by the agent or trustee.
- (7) As to a retail gasoline dealer, a portion of his receipts from the sale of motor vehicle fuels equal to the motor vehicle fuel license tax imposed by and previously paid under Part 2 of Division 2 of Revenue and Taxation Code of the State of California.

- (8) As to a retail gasoline dealer, the special motor fuel tax imposed by Section 4041 of Title 26 of the United States Code if paid by the dealer or collected by him from the consumer or purchaser.
- (9) Cash value of sales, trades or transactions between departments or units of the same business.
- (10) Sale of alcoholic beverages.

The Business Operations Tax for the current period is based on gross receipts from the preceding calendar year or estimated gross receipts for a 12 month period for new businesses.

The Business Operations Tax should be calculated as follows:

- (a) Every person which has gross receipts of \$10,000 or less shall pay a tax of \$30.00 for each year.
- (b) Every person which has gross receipts in excess of \$10,000 shall pay a tax of \$30.00 plus \$.0004 for each dollar of gross receipts in excess of \$10,000 for the reporting period; provided, however, that the maximum annual tax liability for any person under this section shall be \$5,000.

A Business Improvement Area (BIA) fee is assessed on businesses in certain areas of the city. The current Business Improvement Areas are Downtown, Old Sacramento, Franklin Boulevard, Del Paso Boulevard, and Stockton Boulevard. You should inquire at (916) 808-8500 to determine if your business is in one of these areas or an area subject to BIA fees subsequent to this publication.

On September 19, 2012, Legislature approved and the Governor signed into law SB1186 which adds a state fee of \$1.00 on “any” applicant for a local business license or similar instrument or permit, or renewal thereof, Effective January 1, 2013. The purpose is to increase disability access and compliance with construction-related accessibility requirements and to develop educational resources for businesses in order to facilitate compliance federal and state disability laws. All businesses are subject to this fee including: rental properties, out-of-town businesses, home-based businesses.

Send the completed application, payment and tax return(s) to:

City of Sacramento
Revenue Division
915 I Street, Room 1214
Sacramento, CA 95814

