CITY OF SAN DIEGO
OFFICIAL BUSINESS TAX APPLICATION

Congratulations on taking one of the first steps to starting your new business in the City of San Diego! All businesses operating in the City of San Diego are required to obtain a Business Tax Certificate. This includes home-based businesses. Self-employed persons and independent contractors are also required to pay the Business Tax. The Business Tax assessment raises revenue for the City's General Fund which provides Police and Fire protection, street maintenance, libraries, parks and other city services while ensuring that all businesses operate in compliance with Zoning requirements.

RATES

The tax or fees collected are **Not Refundable** unless collected as a direct result of error by the City of San Diego.
The annual fee for the Business Tax Certificate is based on number of employees:

- $25.00 application and $15.00 renewal processing fee.
- $34.00 for a business with twelve (12) employees or fewer.
- $125.00 plus $5.00 per employee for a business with thirteen (13) employees or more.

All businesses located in the City limits of San Diego will be charged an additional one-time $17.00 fee for Zoning Use Clearance (ZUC) upon initial application. This fee will also be assessed when you file a change of location or change of business activity with this office. Make checks payable to the City Treasurer.

Late Fees: Businesses that fail to pay the tax by the date business has commenced will be charged a late fee of $25.00 or 10% of the amount owed, whichever is greater. Penalties: Beginning one calendar month from the due date of the Business Tax, a penalty of 1% per month will be added to any past due business taxes and late fees.

Surcharges: In addition to the penalties for delinquent payment, all businesses found to be operating without having paid the Business Tax will pay a surcharge of $68.00 for small businesses (12 employees or fewer) or $250.00 for large businesses (13 employees or more).

The City Treasurer bills retroactively for up to three (3) years with a late fee applicable to each year.

BUSINESS IMPROVEMENT DISTRICT FEES

If your business is located in a Business Improvement District (BID), you may be subject to additional fees. BIDs are authorized by State law to assess benefited businesses for the cost of certain improvement activities. These activities are generally promotional in nature. Once a BID is established, the City Treasurer collects the assessment and disburses it to an appropriate entity representing the district pursuant to an annual operating agreement. There are currently eighteen (18) active districts. Questions about BIDs should be directed to the BID Council Office at (619) 239-2437.

FILING YOUR BUSINESS TAX APPLICATION

Complete all sections of the Application. Be sure the information you include is accurate and legible. Information you include in your Application is public information. However, residence addresses and phone numbers, Social Security numbers and Federal Tax Identification Numbers are not released to the public without a subpoena.

You can either calculate your fees and remit a check with your Application, or you can have your fees calculated by the City and a bill sent to you. A minimum payment of $76 (for businesses located in the City) and $59 (for businesses not located in the City) should be remitted with the application. If you miscalculate your fees, you will receive a supplemental bill from the City for the outstanding amount. **No Tax Certificates are released until all fees have been paid in full.**

Business Addresses/Location

A Business Tax Certificate is required for every business location in the City of San Diego (SDMC §31.0130). Zoning approval is determined only for the location listed on the Application. It is the responsibility of the certificate holder to notify the City Treasurer in writing of any changes to the business location, and to remit the $17.00 Zoning Use Clearance fee. If you add a new business location (in addition to an existing location), a separate Application and Business Tax Certificate is required.

Post Office Box

A Post Office Box (excluding mail drop services) is not accepted for the business location or residence address. Business and residence addresses must include street number, street name, apartment or suite number (if applicable), City, State and zip code. A Post Office Box may be used only for the mailing address.

Number of Employees

The number of employees in a business shall be the average of all employees over a twelve (12) month period, excluding any employee working less than ten (10) hours per week. Owners of a business are not considered employees, however, paid officers of a corporation are. For a new business, the number of persons to be employed may be estimated and is subject to verification by the City Treasurer or City Auditor.

OWNERSHIP TYPE

Sole Proprietor - a business owned by a single individual (or a husband and wife who file joint income taxes) who receives all profits.

Partnership - a business owned by two or more persons who are liable as co-owners of the business for profit.

Corporation - a business owned by an independent legal and tax entity which remains intact even if its Officers and Directors change.

Change Of Ownership

Certificates are not transferable. If you sell your business, it is your responsibility to notify this office to cancel your certificate. The new owner must apply for a new certificate.

Non-profit Organizations

Non-profit organizations are exempt from the Business Tax. Proof of exemption in the form of an Internal Revenue Service or State Franchise Tax Board non-profit determination letter is required at the time of filing. To obtain non-profit determination letters contact: IRS (800) 829-3676; State Franchise Tax Board (800) 852-5711.
Note: Exemption from the City of San Diego Business Tax does not guarantee exemption from the BID fee.

POLICE REGULATED BUSINESSES

Certain types of business activities are regulated by the San Diego Police Department. Police approval and permit fees may be required in addition to the Business Tax Certificate. Police Licensing is located at 1400 E Street and can be reached at (619) 531-2250. All persons working as interviewers, solicitors, peddlers, canvassers or vendors of merchandise, service, magazine, etc., are required to obtain a Police Registration Card and Business Tax Certificate. In an effort to discourage the sale and distribution of tobacco products to minors, tobacco retailers are required to obtain a police permit.

SAN DIEGO OFFICE OF SMALL BUSINESS

The City of San Diego's Office of Small Business is a resource center for owners of small businesses. They are available to assist in various start-up procedures and can be reached at (619) 236-6505. The Office of Small Business is located in the Civic Center Plaza Building, 1200 3rd Avenue, 14th Floor.

OTHER AGENCIES TO CONTACT FOR INFORMATION

Incorporation

For information on incorporating within California or for doing business within the State as a foreign corporation, contact the Office of the Secretary of State at 1350 Front Street, Room 2060, (619) 525-4113.

Fictitious Name

To register a fictitious business name (one that does not include the surname of the individual or a name that suggests the existence of additional owners; any name other than the corporate name stated in its Articles of Incorporation), contact the San Diego County Clerk at the County Administration Building, 1600 Pacific Highway, Room 260, (619) 237-0502.

State Board of Equalization

All businesses selling tangible property are required to obtain a Seller's Permit from the State Board of Equalization. Contact the State Board of Equalization at 1350 Front Street, Room 5047, or (619) 525-4526.

Federal Employer Identification Number

A Federal Employer Identification Number (FEIN) is required by the Internal Revenue Service for Partnerships, Corporations, and Limited Liability Companies regardless of employees, and for Sole Proprietorships with employees. Contact the Internal Revenue Service for a FEIN application at the Federal Building, IRS Office, 880 Front Street, (800) 829-4933.

We Wish You Success!