



Finance Department
City of Culver City
9770 Culver Blvd. Culver City, CA 90232

BUSINESS LICENSE TAX REGULATIONS

These regulations, as authorized by Culver City Municipal Code (“CCMC”) section 11.01.020 (“Authority of Tax Collector to Make Rules and Regulations”), are intended to aid in the enforcement of business license tax provisions of CCMC, Title 11, Chapter 11.01.

1. ANNUAL \$200,000 EXEMPTION

- a. The annual \$200,000 exemption from gross receipts subject to tax authorized by CCMC section 11.01.220, subdivision (B)(3), shall be allowed no more than once for any group of businesses under common control, regardless of location or business type, and regardless of whether individual businesses within the group under common control hold separate business licenses.
- b. For purposes of this regulation, “common control” means direct or indirect ownership or voting control of greater than 50% of outstanding voting securities, or interest in capital or profits, or the right to direct management by contract or similar arrangement. Common control includes, but is not limited to, a common majority holding of share capital (for example, a holding company or subsidiary relationship), or a common majority of directors, shareholders, partners, or trust beneficiaries.
- c. Unless a group of businesses under common control designates which business license holder will claim the \$200,000 exemption authorized under CCMC section 11.01.220, subdivision (B)(3), the exemption will apply to the first business under common control to apply for a business license or a business license renewal in any year.

2. SUPPLEMENTAL TAX ON LARGE BUSINESSES.

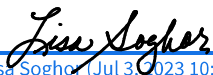
- a. The 0.01% additional tax on gross receipts required by CCMC section 11.01.220, subdivision (B)(4) applies to all gross receipts above \$200,000. For example, if a business has gross receipts of \$140 million, the 0.01% tax shall apply to a tax base of \$139.8 million, resulting in supplemental tax, to be paid in addition to the base gross receipts tax applicable to that business, of \$13,980.
- b. For purposes of determining whether the 0.01% additional tax on gross receipts required under CCMC section 11.01.220 applies, gross receipts shall not be diminished by the \$200,000 deduction allowed under paragraph 2.a. above. For example, if a business has gross receipts of \$100,100,000, the 0.01% tax shall apply to a tax base of \$99,900,000, resulting in supplemental tax, to be paid in addition to the base gross receipts tax applicable to that business, of \$9,990.



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- 3. INITIAL AND FIRST RENEWAL PERIOD GROSS RECEIPTS TAX PAYMENTS.** Unless the CCMC requires otherwise for a particular business, businesses taxed on the basis of gross receipts shall pay tax as follows:
- a. At initiation of the business, only the application fee required by CCMC section 11.01.010.A.2. is due. (CCMC § 11.01.220.A.)
 - b. At the end of the calendar year in which the business is initiated, the business shall pay gross receipts tax for the initial, partial year pursuant to CCMC section 11.01.220.B as well as a tax for the 12-month renewal period based on an annualization of the business' gross receipts for the initial, partial year.
 - c. At the end of the first full calendar year of business activity, the business shall pay any difference between the tax for the renewal term paid under paragraph 3.b. above and the tax due upon the business' actual gross receipts for that calendar year. Tax for the following calendar year shall also be then due and based on the business' actual gross receipts for the first full calendar year of business activity.
 - d. At the end of the second full calendar year of business activity and every year thereafter, the business shall pay a tax for the renewal period based on its actual gross receipts in the previous year.
 - e. Nothing in this section shall alter the requirements of the CCMC to pay projected tax based on gross operating expenses when, for any reason, gross receipts are less than gross operating expenses. (CCMC § 11.01.220.B.)
- 4. PUBLICATION; EFFECTIVE DATE.** Following execution of these regulations, the Tax Collector shall give notice of them as required for ordinances of the City and then post them to the City's website. They shall take effect immediately upon such posting.

APPROVED:


Lisa Soghor (Jul 3, 2023 10:43 PDT)

Tax Collector – Lisa Soghor

Date: Jul 3, 2023



City Attorney – Heather S. Baker

Date: Jul 3, 2023