

YOUR BUSINESS HAS BEEN SELECTED FOR VERIFICATION THIS YEAR

Business Tax Verification Program

In 1991 the City of San Luis Obispo established a verification program that requires certificate holders to verify the gross receipts they generate in the City of San Luis Obispo once every five years. Since the City's business tax is based on the gross receipts generated in the last completed fiscal year, this program has been implemented to reasonably ensure that everybody is equally paying the amount of tax due to the City and that they are in compliance with the City's Municipal Code.

Under this program, we will verify the gross receipts of each business at least once every five years.

How do I verify?

One of the following documents is required for verification of your gross receipts in order to obtain the current tax certificate:

- ❖ Copy of your IRS form for the *last completed fiscal year* indicating gross business receipts. The following forms are applicable:
 - 1040 Schedule C for privately owned businesses
 - 1040 Schedule E for privately owned rental property
 - 1065 for Partnerships
 - 1120 for Corporations
- ❖ For businesses whose entire business income is subject to sales or use tax, copies of monthly or quarterly business sales tax submissions to the State Board of Equalization during the prior fiscal year.
- ❖ A letter prepared by an independent Certified Public Accountant (CPA) or tax preparer verifying the amount of gross receipts for your business.
- ❖ Other methods may be proposed in writing by the business that will verify gross receipts for the company. Acceptance of the proposal is subject to approval by the Director of Finance & Information Technology.

All verification can be brought to our offices for immediate review.

Please note that your verification documents must be returned with your business tax renewal and your tax payment to the City's Business Tax Department no later than July 31 of this year, to avoid late charges and penalties. All documentation provided is considered confidential and will be destroyed by shredding. If you have any questions or require additional information, please contact our Business Tax Department at 805-781-7134.

Frequently Asked Questions

1. Why is the City performing a verification program for gross receipts?

We adopted this program in order to assure that taxes are paid fairly and equitably by all certificate holders.

2. What authorizes the City to verify gross receipts of my business?

The business tax ordinance adopted by the City Council in 1991 authorizes the City to conduct this type of verification program.

3. How often will my business be subject to the verification program?

We will be verifying each industry category once every five years.

4. What if portions of my gross receipts come from other cities either within SLO County or outside SLO?

If your actual business location is outside the City limits, your tax payment will be based on gross receipts generated within the City of San Luis Obispo. I.E. a grocery store chain is only responsible for paying the business tax on gross receipts of its stores located in San Luis Obispo. The same holds true for contractors coming to the City for a specific job.

However, a business owner located in the City of San Luis Obispo performing jobs throughout the County will have to provide business licenses from other cities in order to base the tax payment on City of San Luis Obispo gross receipts only.

5. What happens if I don't comply?

If verification documentation is not provided upon request, the business tax certificate will not be issued and penalties will be assessed. Keep in mind; it is unlawful to perform business within the City without a current business tax certificate.

6. Who has access to the gross receipts information that I provide?

All information provided is highly confidential and will be used solely for business tax purposes. The tax information provided for verification will be shredded immediately after use.

7. What happens to the documents I provide to verify my gross receipts?

All documents provided will be destroyed by shredding immediately after they are used for the calculation and verification of the tax payment.

For answers to other questions please contact the City of San Luis Obispo Business Tax Division by phone at 805-781-7134; in person at 990 Palm Street (City Hall) Finance & Information Technology Department; or by e-mail at bt@slocity.org