



Business Tax- Non-Compliant Rental Property Project

Frequently Asked Questions (FAQ's)

Major Tax Compliance Project- On Tuesday, October 13, 2015, the Tax Compliance Section of the City of Oakland's Revenue Management Bureau initiated the 2015 Non-compliant Rental Project. The goal of the project is to bring all of the City's residential rental property owners into compliance with Oakland Municipal Code section 5.04.420- Rental of residential property. For more information, or if you feel you received a notice in error, please contact the Tax Compliance Section at 510.238.7254 for answers to any questions you may have regarding the 2015 Non-compliant Rental Project.

Q. Who is required to pay business tax?

A. All persons who conduct business in the City of Oakland and owners of rental property (residential, commercial and industrial) are required to file and pay an annual business tax.

Q. I own a piece of property in Oakland that I plan to rent. Do I need a business tax certificate?

A. Yes, all property owners in Oakland who wish to rent out their property must file and pay the initial \$88.00 Registration Fee to obtain a business tax certificate. The tax is based on annual gross rental income at a rate of \$13.95 per \$1,000 of gross rental income. If the property is residential or mixed use, you must also complete the New Rent Adjustment Program Fee Application (RAP). If the property is 100% commercial/industrial, it is not necessary to complete this (RAP) application.

Q. I rent a room in my house. Do I need a business tax certificate?

A. Yes. Every person engaged in the business of conducting or operating an apartment house, lodging house, and every person engaged in the business of conducting or letting rooms, and/or any building structure, for dwelling, sleeping or lodging, including, and limited to, a single-family house, duplex, townhouse, condominium or co-operative, shall pay a business tax of thirteen dollars and ninety-five cents (\$13.95) or each one thousand dollars (\$1,000.00) of gross receipts or fractional part thereof.

Q. My relatives live on my property and they do not pay rent. However, they pay the mortgage and/or property taxes. Am I required to have a business tax account?

A. Yes. Chapter 5.04.420 defines rental property gross receipts as:

Gross receipts as defined per Section 5.04.030 (rents.....receipts, cash, credits and property of any kind or nature, without any deduction therefrom on..... losses or other expenses whatsoever) plus all payments made to the lessor, and/or paid to third parties on behalf of the lessor as part of said lease and/or paid to third parties on behalf of lessor as part of said lease agreement, including but not limited

to, all taxes, insurance, mortgage payment, rent, and cash value of all services rendered to or on behalf of the lessor by said lessee in lieu of rental or lease fee payments.

Note: If the business tax is paid by the lessee on behalf of the lessor, said tax payment, including penalty and interest payments, shall be included in the tax base for the immediately succeeding business tax period.

Q. I have lived in my house for years. Why did I receive an Important Tax Notice?

A. Notices were sent to property owners who did not file a Homeowner's Exemption for their primary residence with the Alameda County Assessor's Office, as well as properties that have multiple units. For information regarding property homeowner exemption filings, please go to the Alameda County Assessor's office website: <http://www.acgov.org/assessor/decreasetax/exemptions/homeowner-exemption.htm>

Q. Do I have to respond to the Important Tax Notice even if I am not renting my property?

A. Yes. The City will note your response and update its records so that you will not receive this notice in the future.

Q. I am registered with AirBnB, VRBO, Homeaway and/or another short-term residential rental platform. Am I required to have a business license account?

A. Yes. Every person engaged in the business of conducting or operating short term rentals (i.e. Air BnB) shall pay a business tax of sixty dollars (\$60.00) per year or fractional part thereof for the first thirty-three thousand three hundred thirty-five dollars (\$33,335.00) or less of gross receipts, plus one dollar and eighty cents (\$1.80) for each additional one thousand dollars (\$1,000.00) of gross receipts or fractional part thereof in excess of thirty-three thousand three hundred thirty-five dollars (\$33,335.00), received from rentals to transients.

Please submit a copy of the agreement when you initially signed up for AirBnB, VRBO, Homeaway and/or other short-term residential rental platform and mail it along with your Business License form in the envelope provided.

Q. How much does it cost to apply for a business tax account?

A. The non-refundable registration fee is \$88.00, which is due within 30 days of the business or rental start date.

Q. I am a nonprofit business; do I have to pay business tax?

A. If you are a nonprofit Federal or State of California tax-exempt organization, you may be exempt from payment of the business tax. You must submit a copy of your letter of determination from the Internal Revenue Service or from the California Franchise Tax Board confirming the exemption from income tax. However you are required to register and pay the registration fee.

Q. Where can I obtain a business tax application?

A. The Business Tax Office is located at 250 Frank H. Ogawa Plaza #1320, 1st floor, in Downtown Oakland. You may also download the application from our website:

http://www.oaklandnet.com/government/fwawebsite/revenue/revenue_biztax.htm

Q. I need directions to your office, how do I get there?

A. Please go to our website for connection to our directions page:

http://www.oaklandnet.com/government/fwawebsite/revenue/driving_directions.htm

Q. What are your office hours?

A. The Business Tax Office is open from Monday, Tuesday, Thursday & Friday, 8:00 a.m. – 4:00 p.m. Wednesday, 9:30 a.m. – 4:00 p.m. However, please be sure to check our website home page for dates the City will be closed due to mandatory furlough days.

Q. How often do I renew my business tax account?

A. Business taxes must be paid ANNUALLY, on or before March 1st of each year. It is your responsibility to renew your certificate on time and/or to notify the Business Tax Office if you have not received your annual renewal declaration(s).

Q. What methods of payment do you accept?

A. We accept cash, check, money order, cashier's check, credit cards (Mastercard, Visa, & Discover), ATM check cards with Mastercard or Visa logo, and ATM debit cards. However, you must come to the office in person if you are paying with an ATM debit card.

Q. Can I pay over the phone or via fax?

A. No. We do not accept credit card payments via fax. If you wish to pay by phone, you will be required to provide the social security number or federal tax identification number on record.

Q. Is there any penalty and/or interest assessed if I do not pay or if I underpay my business tax?

A. Any tax (or portion thereof) that remains unpaid after March 1st is subject to penalty and interest. NO EXCEPTIONS.

Q. Can I request an extension to file my business tax?

A. Yes. You must request an extension in writing on or before March 1st of the year. This extension will allow you to remit your business tax liability no later than 45 days from the delinquent date. Note: this extension only waives the penalty; it does not waive the interest on the tax.

Q. I was unaware of Oakland's business tax requirements. Consequently, I never obtained a business tax certificate. My business activity has been in operation for some time. Am I subject to any late fees?

A. Yes. All delinquent business taxes are subject to full penalty and interest assessments.

Q. I have discovered that I overpaid my business tax. How do I get a refund?

A. Send a written request specifically asking for the refund within one year from the date of payment. If the overpayment was a direct result of a clerical, accounting or mathematical error, you must send the request within 15 months from the date of payment. Please send your request to: Revenue Division, BTCSU 250 Frank H. Ogawa Plaza, 1st Floor, Suite 1320, Oakland, CA 94612.

Q. I do not see my question.

A. Contact the Audit Tax Compliance office at (510) 238-7254.