

CITY OF OAKLAND
OFFICE OF FINANCE
REVENUE DIVISION
DIRECTOR OF FINANCE RULING NO. 19
NON TAX EXEMPT TRANSACTIONS

Reference: Section 5-1.02(d) of the Oakland Municipal Code.

Purpose

Establishes the policy of granting an exclusion from the measure of tax on gross receipts attributed to transactions between an individual and a corporation.

BACKGROUND

The Business Tax provisions of the Oakland Municipal Code do not grant an exclusion from the measure of tax “gross receipts” attributed to transactions between an individual and a corporation or a partnership and a corporation.

On March 12, 1984, Business Tax Ruling No. 5, “Tax Exempt Transactions”, was prescribed and adopted by the Director of Finance and approved by the Board of Review. This ruling granted an exclusion from the measure of tax Gross Receipts attributed to transactions between an individual and a corporation in which the same individual owns an 80% interest or more shall be excluded from taxable gross receipts. In the event this exclusion results in taxable gross receipts of zero, the individual shall be exempt from business taxes.

In 1989 and 1990 this practice came under review by the Office of the City Attorney. This review was promulgated by the loss of both Real Estate Transfer Tax and Business Tax due the City, particularly as a result of the transfer of real property back and forth between an individual and a corporation.

An analysis of this review is set forth in the Interoffice Letter of November 17, 1990 from the Office of the City Attorney to the Office of Finance.

RULING OF THE DIRECTOR OF FINANCE

Gross Receipts attributed to transactions between an individual and a corporation, or a partnership and a corporation, shall not be excludable from taxable gross receipts in determining the measure of tax irrespective of the degree of the individual's or the partnership's ownership interest in said corporation.

This ruling shall have prospective effect only.