

CITY OF OAKLAND

OFFICE OF FINANCE

REVENUE DIVISION

DIRECTOR OF FINANCE RULING NO. 25

Reference: Sections 5-1.09, 5-1.17, 5-1.20 and 5-1.52 of the Oakland Municipal Code.

Purpose

Establishes procedure for filing of annual business tax returns on estimated information, when the taxpayer is unable to comply with the filing deadlines, and provides for administrative waiver of penalty when specified conditions are met.

BACKGROUND

Several taxpayers have commented that the Business Tax Declaration and tax are due in advance of federal and state tax filings. In some instances, taxpayers have stated that they are unable to provide final gross receipts figures under penalty of perjury by the required date. The Business Tax Ordinance leaves no room as to when returns must be filed, however, the Director of Finance pursuant to the authority granted in Section 5-1.52 to make regulations and rulings, now makes a ruling to address this issue. In recognition of the possibility of non-compliance despite a taxpayer's best efforts, the Director of Finance now provides that estimated returns may be filed subject to the limitations specified and conditions below. The Director of Finance further provides that the penalties will be waived if the conditions specified below are met, however, estimates must be reasonably prepared, final declarations must be submitted with the required period, and estimates which err by fifteen percent or more are deemed unreasonable and subject to penalty. All interest, and any penalty, are calculated from the original delinquency date for filing of the return and payment of the tax.

RULING OF THE DIRECTOR OF FINANCE

Taxpayers who are unable to provide final figures in order to timely file the Business Tax Declaration must file an estimated return. The filing of an estimated return, with full payment of the estimated tax, will suspend the imposition of any penalties if and only if all the following conditions are met:

- (1) The return is clearly marked "Estimated Return"
- (2) The full estimated tax is paid
- (3) A final return is filed on or before June 1st of the tax year
- (4) Any additional taxes are paid with interest at one (1%) per month for all time after March 1st

- (5) If the additional amount due is greater than fifteen percent (15%) of the total tax due, a penalty of ten percent (10%) shall be added to the balance due