



Answers To Frequently Asked Questions

1. Why do I have to pay this tax now?

The Business License Tax Ordinance was adopted in 1985 and has required that all businesses pay a tax on gross receipts from business activities engaged in. Emeryville Commercial Landlords have been paying this tax since its inception. Because residential landlords have rental properties that are also revenue producing, they are subject to the same laws as commercial landlords.

In addition, payment of this tax will insure that the City can continue to deliver the best possible services for Emeryville residents and businesses.

2. When is my first Business License Tax payment due? When is my annual renewal due?

Your payment is due by October 1, 2004 and you have a 30 day grace period before you begin accruing late payment fees. Late payment fees are effective November 1, 2004.

Courtesy renewal notices will be mailed each January, and payment is due March of each year.

3. My gross rental income was \$40,000 for last year and I estimate that I will generate \$50,000 next year? How do I calculate my Business License Tax?

Your tax is computed on the previous year's gross receipts. Therefore your taxes are computed by multiplying $.08\% \times \$40,000 = \32 and adding a one-time \$50 Administrative Fee for a total tax of \$82.

4. If my tenant moves out, or I sell the property do I get a rebate?

No. Payment of Business License tax for Residential Landlords is based on your prior year's revenue.

5. What should I do when renting to a family member?

You are still required to pay a Business License tax even if you rent to a family member.

6. I did not receive a business license renewal notice. Do I still owe a business license tax?

You are still required to pay the Business License Tax if you do not receive a courtesy notice from the City's Finance Department. Failure to pay based on non-receipt of the notice does not grant forgiveness of the payment. (Section 3-1.118 of the Business License Ordinance)

7. How often do I have to pay an administrative fee?

A \$50 Administrative Fee is a one-time registration fee to establish a new business in Emeryville.

8. The property did not generate any income during the calendar year because the unit was vacant; am I required to pay a business license tax?

Yes. You are required to pay a minimum an annual license tax of \$25 and the one time Administrative Fee of \$50.00.

9. After calculating my business license tax as a new business owner, my gross receipts were less than estimated. When I renew can I take a credit on my current year's tax?

No. You must still pay based on your gross receipts for the prior year, and you may not offset your current taxes with a credit.



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10. If my tenant sub-leases the unit, is he/she also responsible for paying a business license tax.

Yes. When you receive the notice you should advise the Business License Division that the property is being sub-leased and the name of your tenant (lessee) so that we may send them a courtesy notice.

11. Must I pay a business license tax if I rent out a portion of my home?

Yes. Calculate your tax based on gross receipts for the previous year (\$25 minimum) and a \$50 Administrative fee for new businesses.

12. I sold the property and no longer the owner of record, what should do?

If you receive a courtesy notice and you are no longer the owner of record, please notify the Finance Department immediately. You may also complete the form at the bottom of this letter informing the department that you are not the current owner.

13. What is the penalty for late or non-payment of taxes, and how do I calculate it?

The penalty rate is for late payment of taxes is 5% per month with a maximum rate of 25% of the taxable amount. The interest on delinquent accounts is 1.5% on the total outstanding balance (tax + penalty) with no cap.

In addition to accruing penalties described above, any person carrying on any business without first obtaining a business license is subject to criminal prosecution, (Municipal Code Section 3.1.124)

Reminder! Don't forget to visit the City's web site: www.ci.emeryville.ca.us.