

City and County of San Francisco  
Office of the Treasurer & Tax Collector



Gross Receipts Tax & Payroll Expense Tax  
Online Filing Instructions  
Tax Year 2014

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This document provides instructions for the 2014 Payroll Expense Tax and Gross Receipts Tax Online Filing (the “Return”). These instructions provide a summary of the applicable rules to help you complete the online tax filing. The San Francisco Business and Tax Regulations Code (referred to throughout these instructions as the “Code”) provides the official rules for the computation of the Payroll Expense Tax and the Gross Receipts Tax, as well as the rules for filing the Return.

## A Guide to Gross Receipts Tax Filing for Small Businesses

The Gross Receipts Tax can be complicated, but if you are a small business, the Office of the Treasurer and Tax Collector has created tools to make it easy for you.

If you were engaged in business in San Francisco as a lessor of residential real estate, you have tax obligations specific to your business activity, which are explained in detail later in this instruction booklet.

### **You May Be Exempt From Filing**

If you were engaged in business in San Francisco other than as a lessor of residential real estate and you had less than \$500,000 in taxable gross receipts and less than \$150,000 in taxable payroll expense,<sup>1</sup> you don’t owe any Payroll Expense Tax or Gross Receipts Tax and don’t need to file a tax return.

### **You May Be Eligible for a Simplified Online EZ Filing**

If you were in engaged in business in San Francisco other than as a lessor of residential real estate, you may be eligible to use a simplified Online EZ filing if you do all of your business within San Francisco. To use the Online EZ filing:

1. Log in to the online filing system using your seven-digit Business Account Number, the last four digits of your Tax Identification Number, and your eight-character PIN (see [Entering the Online Filing System](#) for instructions with respect to log in).
2. Answer a few introductory questions about your business (see [Business Identification](#) and [Business Information](#) for instructions with respect to these questions).
3. Go through the Payroll Expense Tax filing similarly to how you would have in prior years (see [C1. 2014 Payroll Expense Tax Filing – Statement Data](#) for instructions with respect to the Payroll Expense Tax filing).
4. Answer a few yes/no questions to see if you qualify for the Online EZ filing (see [D. Gross Receipts Tax Filing – Online EZ Eligibility](#) for instructions with respect to these questions).
5. If you qualify for the Online EZ filing, select your industry and enter your total gross receipts. The system will automatically calculate your Gross Receipts Tax. Most small businesses (other than lessors of residential real estate) with \$1 million or less in San Francisco gross receipts qualify for the small business exemption and will owe no Gross Receipts Tax. (See [E. Gross Receipts Tax Filing – Online EZ](#) for instructions with respect to the Online EZ filing).
6. Review, sign, and submit your filing electronically. The system will explain your payment options, if payment is required.

If you don’t qualify for the Online EZ filing, the system will route you to the standard form, which is explained in detail in this instruction booklet.

Businesses may proceed directly to [Entering the Online Filing System](#) to receive instructions on accessing the online system.

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<sup>1</sup> Before taking any small business exemption in Code section 905-A or 954.1.

## What You Need to Prepare Your Return

You must have the following to enter the online filing website:

- Your seven (7) digit Business Account Number;
- The last four (4) digits of your Tax Identification Number; and
- Your eight (8) character alphanumeric Personal Identification Number (PIN) previously mailed to you by the Office of the Treasurer & Tax Collector.

If you do not have your PIN, go to [www.sftreasurer.org/pinreset](http://www.sftreasurer.org/pinreset) to learn how to reset your PIN. Please note that PINs are only sent via US Mail to your mailing address on record with our office. You will be unable to file any taxes without your new PIN. If you do not file by the deadline, you will be subject to penalties, interest, and fees. You will not be able to reset your PIN over the phone or in person.

## Navigating the Online Form

You may only proceed through the form in the order the pages are presented. The page headers as well as the page titles will indicate which section you are currently completing. The page header is shown below. Page titles correspond to the Table of Contents in these instructions. You must progress through the form sequentially. You cannot skip ahead. Pages of the form that are not accessible yet are headed in gray. Pages you have previously

completed are headed in green. The active page is headed in blue. You may go back to pages that you have previously completed. However, you must progress sequentially forward if you choose to go to a previous screen.

Do not use the back button on your browser, as this may cause data to be lost.

If you need to leave your session, you may exit at any time by closing the browser window. Entries on pages for which you have selected “Save and Continue” will be saved for a future session, as long as you do not change entries earlier in the form, which would overwrite any dependent data.

Once you submit your filing you will have the option to Amend or View your filing. After your filing is submitted it is no longer stored in the online form.

### Note for Tax Preparers

Tax preparers may log in to the form and enter data, then have the taxpayer return to review and submit the form with little or no need to re-enter data. Alternatively, tax preparers may complete and submit the form, provided they maintain the appropriate signed Power of Attorney in their records.

### Technical Advisory

The online form has been tested in Mac and Windows versions of Internet Explorer 9, Google Chrome, and Mozilla Firefox environments. The Office of the Treasurer & Tax Collector will maintain a known issues website at:



Figure 1: Online Filing Header

<http://www.sftreasurer.org/OnlineFilingIssues>.

If you have an extended time of inactivity, the system may not allow you to resume your filing. You may have to close your browser window and re-log in to continue filing.

At times the system may have a number of users, causing a slowdown in page rendering. Please be patient and do not use your back button on your browser, as this may cause your information to be overwritten or lost.

## Who Must File

### Persons Exempt From the Gross Receipts Tax and/or Payroll Expense Tax

If you are completely exempt from both the Payroll Expense Tax and the Gross Receipts Tax under Code sections 906 and 954, respectively (summarized below), you do not need to file a Return. If you are exempt from only one of the Payroll Expense Tax or the Gross Receipts Tax, complete the Return and enter zeros for the tax from which you are exempt.

Code section 906 provides a detailed list of persons that are exempt from the Payroll Expense Tax. Such persons include:

- An organization having a formally recognized exemption from income tax pursuant to sections 501(c), 501(d), or 401(a) of the Internal Revenue Code (the "IRC"), as qualified by sections 502, 503, and 504 of the IRC. However, organizations (other than organizations described under section 501(c)(3) of the IRC) directly engaged within the City in an unrelated trade or business within the meaning of section 513(a) of the IRC that have, from their own operations, unrelated business taxable income within the meaning of section 512(a)(1) of the IRC, do not qualify for this complete exemption.

- Skilled nursing facilities licensed under the provisions of Title 22, California Administrative Code, Division 5, Chapter 3.
- Banks and financial corporations exempt from local taxation under Article XIII, Section 27 of the California Constitution and Revenue and Taxation Code section 23182.
- Insurance companies exempt from local taxation under Article XIII, Section 28 of the California Constitution.
- Persons engaging in business as a for-hire motor carrier of property under Revenue and Taxation Code section 7233.
- Persons engaging in intercity transportation as a household goods carrier under Public Utilities Code section 5327.
- Charter-party carriers operating limousines that are neither domiciled nor maintain a business office with the City under Public Utilities Code Section 5371.4.
- Any other person upon whom the City is prohibited under the Constitution or statute of the United States or under the Constitution or statute of the State of California from imposing the Payroll Expense Tax.

Code section 954 provides a detailed list of persons that are exempt from the Gross Receipts Tax. Such persons include:

- An organization exempt from income taxation by Chapter 4 (commencing with section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code, or Subchapter F (commencing with section 501) of Chapter 1 of Subtitle A of the IRC, as qualified by sections 502, 503, 504, and 508 of the IRC. However, organizations directly engaged within the City in an unrelated trade or business within the meaning of section 513(a) of the IRC that have, from their own operations, unrelated business taxable income within the meaning of section

512(a)(1) of the IRC, do not qualify for this complete exemption.

- Banks and financial corporations exempt from local taxation under Article XIII, Section 27 of the California Constitution and Revenue and Taxation Code section 23182.
- Insurance companies exempt from local taxation under Article XIII, Section 28 of the California Constitution.
- Persons engaging in business as a for-hire motor carrier of property under Revenue and Taxation Code section 7233.
- Persons engaging in intercity transportation as a household goods carrier under Public Utilities Code section 5327.
- Charter-party carriers operating limousines that are neither domiciled nor maintain a business office with the City under Public Utilities Code Section 5371.4.
- Any other person upon whom the City is prohibited under the Constitution or laws of the United States or under the Constitution or laws of the State of California from imposing the Gross Receipts Tax.

### Non-Exempt Persons Other Than Lessors of Residential Real Estate

Persons other than lessors of residential real estate must file a Return if they were engaged in business in San Francisco in 2014 (as defined in Code section 6.2-12, qualified by Code sections 952.3(f) and (g)) and are not otherwise exempt under Code sections 906 and 954, unless both of the following are true:

- Their combined taxable payroll expense in the City, computed without regard to the small business tax exemption in Code section 905-A, is less than \$150,000; and
- Their combined taxable gross receipts in the City, computed without regard to the small business exemption in Code section 954.1, is less than \$500,000.

### Non-Exempt Persons That May Not File Online and Must File By Mail or In Person

You may not file your Return online and must file a paper return if:

- You plan on taking the Biotechnology Exclusion, the Clean Technology Business Exclusion, the Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion, and/or the Stock-Based Compensation Exclusion with respect to your Payroll Expense Tax;
- You plan on taking the “Payroll Expense Tax Exclusion” Credit in Code section 960 as a result of your qualification for the Biotechnology Exclusion and/or the Clean Technology Business Exclusion;
- You plan on taking the Central Market Street Limit in Code section 961;
- You are a combined group (described below) with more than one entity engaged in business in San Francisco at any point during the tax year and plan on taking the Enterprise Zone Tax Credit and/or the “Payroll Expense Tax Exclusion” Credit as a result of your qualification for the Enterprise Zone Tax Credit;
- You are currently a member of a combined group (described below), but are filing on behalf of a different combined group for an earlier portion of the year;
- You are a combined group (described below) that includes only a portion of an entity. For example, assume Corporation A and Corporation B are unitary with Partnership C, and Corporations A and B each own 30 percent of Partnership C. Under California Franchise Tax rules, Partnership C would be included in Corporation A and B’s unitary group to the extent of their combined 60 percent ownership. In this scenario, the combined group with Corporation A, Corporation B, and 60 percent of Partnership C must file a paper return. As another

example, assume Corporation D has two divisions that engage in distinct unitary businesses, each of which is unitary with a separate combined group of entities. The combined groups that include the single division of Corporation D must file a paper return.

- You are filing for any portion of the year as a separate filer, but are included in a combined group or groups for any portion of the year. For example, if Corporation E joins combined group F in July and is filing as a separate entity from January through June, Corporation E must file a paper return.
- You are a combined group (described below) that includes an entity for a portion of the year when that entity is also included in a different combined group for a portion of the year or is filing as a separate filer for a portion of the year. In the example above, combined group F must file a paper return because Corporation E was only a part of combined group F for a portion of the year and filed as a separate entity for a portion of the year.

To obtain a paper return, please contact 3-1-1 (415-701-2311 outside of San Francisco) to request a paper form if one was not already provided to you. You may also visit the Office of the Treasurer and Tax Collector in person at City Hall Room 140 to obtain a paper form. Paper forms are not available through our website, as they must be generated for each taxpayer.

## Non-Exempt Lessors of Residential Real Estate

For purposes of this Return, a lessor of residential real estate is treated as a separate person with respect to each individual building in which it leases residential real estate units, and must file a separate Return for each individual building and for its other business activities combined. A lessor of residential real estate must therefore allocate its gross receipts and payroll expense to each individual building in which it leases residential real estate units and to its other business activities combined. "Residential real estate" means real property where the primary use of or right to use the property is for the purpose of dwelling, sleeping or lodging other than as part of the business activity of accommodations.

Lessors of residential real estate in San Francisco must file a Return if they are not otherwise exempt under Code sections 906 and 954, unless both of the following are true:

- Their taxable payroll expense in the City, computed without regard to the small business tax exemption in Code section 905-A, is less than \$150,000; and
- They lease fewer than 4 units in any individual building.

## Example 1: Lessor of Residential Real Estate Registration and Filing Requirements

Assume Corporation A leases 10 residential units and 5 commercial units in Building A, leases 3 residential units and 4 commercial units in Building B, and generates \$3,000,000 of gross receipts and \$300,000 of payroll expense from these activities.

Based on rules analogous to those in Code section 904 or another appropriate cost accounting methodology, Corporation A allocates \$200,000 of its payroll expense to the lease of its 9 commercial units, \$75,000 to the lease of its 10 residential units in Building A, and \$25,000 to the lease of its 3 residential units in Building B.

Based on its books and records, Corporation A determines that \$2,000,000 of its gross receipts are from the lease of the 9 commercial units, \$750,000 are from the lease of the 10 residential units in Building A, and \$250,000 are from the lease of the 3 residential units in Building B.

Corporation A would have to file one Return reflecting the \$200,000 payroll expense and \$2,000,000 gross receipts of the 9 commercial units because its payroll expense and gross receipts were not less than \$150,000 and \$500,000, respectively.

Corporation A would also have to register as a separate person and file one Return reflecting the \$75,000 payroll expense and \$750,000 gross receipts for the 10 residential units in Building A because Corporation A leases more than 3 residential units in Building A. Corporation A would not need to file a Return for the 3 residential units in Building B because Corporation A leases fewer than 4 residential units in Building B and the \$25,000 payroll expense allocated to the residential units in Building B is less than \$150,000. Corporation A would have to register as a separate person for the 3 residential units in Building B because it has payroll expense allocated to that building.

## Combined Groups

Beginning with tax year 2014, all persons and their related entities (defined below) must file Gross Receipts Tax and Payroll Expense Tax returns on a combined basis, reflecting the gross receipts, payroll expense, and other tax attributes (e.g., credits and exclusions, payroll for apportionment, etc.) of all related entities. Prior to filing your Return, please ensure all information about any related entities engaged in business in San Francisco is up-to-date in Account Update. For purposes of these instructions, the terms “you” and “your” will refer to the Filer and any related entities if a combined group, unless otherwise noted.

For purposes of this Return, the term “combined group” refers to a taxpayer and all of its related entities. A person is a related entity to a taxpayer if: (1) that person and the taxpayer are permitted or required to have their income reflected on the same combined report for California Franchise or Income Tax purposes; or (2) that person and one or more other persons (including the taxpayer) derive gross receipts solely from sources within California and their business activities are such that, if conducted both within and outside California, a combined report would be required for California Franchise or Income Tax purposes.

If an entity was a member of your combined group for only a portion of 2014, include that entity in your combined group’s Return for the portion of 2014 that it was a member. For the portion of 2014 that the entity was not a part of your combined group, that entity will have to file separately or as part of another combined group. As noted above, any combined group including an entity for only a portion of that year when the entity is filing separately or as part of another combined group for a different portion of the year may not file online and must file a paper return.

If you are currently a non-filing member of a combined group but were a separate entity for a portion of the year, you must file (on a paper return, as described above) as a separate entity for that portion of 2014 that you were a separate entity engaged in business in San Francisco. As also noted above, if you are currently a member of a combined group, but are filing on behalf of a different combined group for an earlier portion of the year, you may not file your Return online and must file a paper return.

If your combined group for California Franchise or Income Tax purposes includes an entity that is exempt from the Payroll Expense Tax and/or Gross Receipts Tax (e.g., banks or financial corporations exempt from local taxation under Article XIII, Section 27 of the California Constitution and Revenue and Taxation Code section 23182), you may either:

- 1) Treat the exempt entity as if it is not a related entity for purposes of the Payroll Expense Tax and Gross Receipts Tax such that it is not included in your combined Return. The gross receipts, payroll expense, and other tax attributes of this exempt entity would therefore not be included in your combined Return. In this case, amounts received from or charged to the exempt entity would not be treated as amounts received from or charged to a person that is a related entity, and therefore would not be excluded from gross receipts as such under Code section 952.3(d).
- 2) Treat the exempt entity as a related entity for purposes of the Payroll Expense Tax and Gross Receipts Tax, including the exempt entity’s gross receipts and payroll in your “combined gross receipts” and “payroll” for purposes of apportionment under Code section 956.2. However, because the exempt entity is itself not taxable, you would exclude from your taxable San Francisco gross receipts any receipts of the exempt

entity that were allocated to San Francisco under Code section 956.1, and you would exclude any payroll expense attributable to this exempt entity in calculating your Payroll Expense Tax. To include an exempt entity as a related entity in your combined Return, the exempt entity need not be separately included as a related entity in Account Update. Rather, you just need to include the exempt entity's gross receipts in the "Total Gross Receipts" column when entering your gross receipts on the page entitled "H. Gross Receipts Tax Filing – Calculation of Gross Receipts," and you need to include the exempt entity's payroll in the "Total Payroll" and "Total San Francisco Payroll" fields when entering your apportionment information on the page entitled "G. Gross Receipts Tax Filing – Apportionment."

To file a Return on behalf of a combined group, you must have authorization to file on behalf of each taxpayer in the combined group. A form for this purpose, Form POA-2, is available on the website of the Treasurer and Tax Collector at <http://sftreasurer.org/business-form-central>. You do not need to submit this form with your Return. Please see the instructions in the section above entitled "Non-Exempt Persons That May Not File Online and Must File By Mail or In Person" for a description of those combined groups that cannot file their Return online and must file a paper return.

NOTE: Pursuant to Tax Collector Regulation 2014-2, a single-member entity (including a single-member limited liability company) treated as a disregarded entity for federal income tax purposes will be disregarded for purposes of the gross receipts tax, payroll expense tax, and business registration requirements. Each such entity will be treated as a sole proprietorship, branch, or division of its owner. The owner of the disregarded entity will be the registrant and taxpayer for purposes of the gross receipts tax,

payroll expense tax, and business registration requirements.

## When You Must File

Returns and payments are due on or before the last day of February of the year following the tax year, unless the Tax Collector has granted you an extension prior to the due date. Since the last day of February 2015 falls on a Saturday, the next business day, March 2, 2015, is the due date. Online forms must therefore be transmitted before midnight on March 2, 2015. Payments must also be received or postmarked on or before March 2, 2015. Failure to meet these deadlines will result in penalties, interest, and fees.

## Extension Requests

The Tax Collector may extend for a period not to exceed 60 days the time for filing a Return. As a condition of such extension, the person seeking the extension shall make a payment of not less than 90 percent of such person's estimated liability for such period.

Taxpayers may access an extension request at [www.sftreasurer.org/extensionrequest](http://www.sftreasurer.org/extensionrequest). The form and any required payment must be submitted by March 2, 2015. Taxpayers qualifying for the extension must file their Return and make any required payment by May 1, 2015.

## Entering the Online Filing System

Once you click on the link to the online filing, you will be taken to a page with instructions to the filing. You must have the following to enter the website:

- Your seven (7) digit Business Account Number;
- The last four (4) digits of your Tax Identification Number; and
- Your eight (8) character alphanumeric Personal Identification Number (PIN) previously mailed to you by the Office of the Treasurer & Tax Collector.

If you do not have your PIN, go to [www.sftreasurer.org/pinreset](http://www.sftreasurer.org/pinreset) to learn how to reset your PIN. Please note that PINs are only sent via US Mail to your mailing address on record with our office. You will be unable to file any taxes without your new PIN. If you do not file by the deadline, you will be subject to penalties, interest, and fees. You will not be able to reset your PIN over the phone or in person.

Note: If another business has informed our office that they are filing on your behalf as part of a combined group, you will be directed to a page confirming that this is accurate. If you wish to file as a separate entity anyway, please click "Continue to Filing." To file for any portion of the tax year for which you were not entirely included in the combined group (either as a separate entity or as the Filer of a different combined group), you must file a paper return.

If you previously made quarterly installment payments and another business has informed our office that they are filing on your behalf as a member of the combined group, your quarterly installment payment has been credited to the Filer. If this is incorrect, please contact our office.



## Business Identification

### **Question 1 – Business Account Number, Name, Status, and Address**

Review the information on the Business Identification page to ensure that all of the information listed is accurate and complete. If you are filing on behalf of a combined group, ensure that all related entities that engaged in business in San Francisco in 2014 are listed. If any information is inaccurate or incomplete, or if any related entities engaging in business in San Francisco in 2014 are missing, click the link to Account Update to update your information.

If you were unable to add an entity as a member of your combined group through Account Update, you can add them in the Payroll Expense Tax filing on Page C1. By adding an entity on Page C1, you are agreeing to file both Payroll Expense Taxes and Gross Receipts Taxes on behalf of that entity for tax year 2014. As noted above, if the entity is part of your combined group for only a portion of the tax year and is filing as a separate entity or as part of another combined group for another portion of the year, or is only partially included in your combined group, you may not file online and must file a paper return.

Please note: If you are the Filer of a combined group of which you were the only entity engaged in business in San Francisco during the tax year, and you have not added any entities as "related entities" on Account Update, this page will list your "Status" as single even though you have related entities. This is not a problem. Of course, you must still complete your Return as a combined group.

### **Question 2 – Related Entities**

Check "yes" if you had any related entities during any portion of 2014 for which you are filing this return, regardless of whether the related entities engaged in business in San Francisco in 2014.

### **Question 3 – Business Personal Property**

Check "yes" if you had any business personal property in the City during the tax year.

### **Question 4 – Average Weekly Employees**

Input your average number of weekly employees for your entire business (not just San Francisco) in 2014. This is a survey question that does not affect your Gross Receipts Tax or Payroll Expense Tax liability.



## Business Information

The Business Information page contains up to three questions that will determine whether you are subject to the Administrative Office Tax, or whether you are subject to the Payroll Expense Tax and Gross Receipts Tax. If you are the Filer of a combined group, answer these questions on a combined basis. However, for purposes of these three questions only, a person is a “related entity” if they could be included in the same combined report for California Franchise or Income Tax purposes but for the existence of a water’s edge election (i.e., you should ignore any water’s edge election for purposes of these three questions).

If you answer “Yes” to all three questions, the system will walk you through the calculation of your Administrative Office Tax. If you answer “No” to any one of the questions, the system will walk you through the calculation of your Payroll Expense Tax and Gross Receipts Tax and will not continue through the remaining business information questions.

### Question 1 – Employees

Check “Yes” if the total combined number of full-time and part-time employees within the United States of your business and any related entities exceeded 1,000 as of December 31, 2014 (or the last day of the period for which you are filing this Return). Otherwise, check “No.”

### Question 2 – Gross Receipts

Check “Yes” if the total combined gross receipts of your business and any related entities reported on United States federal income tax return(s) for 2014 exceeded \$1 billion. Otherwise, check “No.” If you and/or any of your related entities have not yet filed United States federal income tax return(s) for 2014, use the

gross receipts that will be reported on such return(s) when filed.

### Question 3 – Payroll Expense Attributable to Administrative or Management Services

Check “Yes” if over 50 percent of the total combined payroll expense in the City of your business and any related entities in 2014 was associated with providing administrative or management services exclusively to you and any of your related entities. Otherwise, check “No.” For purposes of this question only, payroll expense in the City is determined in the same way as for the Payroll Expense Tax (in Code section 901 *et seq.*), except that grants of rights to acquire an ownership interest in an employer (e.g., stock options) are not included as payroll expense. Also for purposes of this question, “administrative or management services” comprises internal support services provided on an enterprise-wide basis, such as executive office oversight, company business strategy, recordkeeping, risk management, personnel administration, legal, accounting, market research and analysis, and training services. “Administrative or management services” does not include, for example, sales personnel or personnel actively engaged in marketing, research and development, direct customer service, and product support services.



## A. 2014 Tax on Administrative Office Business Activities

If you answered “No” to any of the questions on the Business Information page, you will not see this page and will be taken directly to page B. Credits & Exclusions Eligibility.

If you answered “Yes” to all three of the questions on the Business Information page, you will be asked to input your San Francisco payroll expense and all quarterly installment payments (including all Payroll Expense Tax and Gross Receipts Tax quarterly installment payments made by you or any member of your combined group for periods during which they were a member of your combined group) made for 2014.

Enter the combined payroll expense and quarterly installments of you and any related entities. Article 12-A of the Code (imposing the Payroll Expense Tax) provides detailed rules for determining San Francisco payroll expense. The system will then calculate your Administrative Office Tax due or overpayment.

### Line 1 – San Francisco Payroll Expense

Input your San Francisco payroll expense.

### Line 2 – Administrative Office Tax @ 1.4%

The system will multiply line 1 by 1.4% (0.014).

### Line 3 – Q1

Input the sum of your San Francisco Payroll Expense Tax and Gross Receipts Tax quarterly installment payments (including all Payroll Expense Tax and Gross Receipts Tax quarterly installment payments made by you or any member of your combined group for periods during which they were a member of your

combined group) made for the first quarter (January 1 through March 31) of the tax year.

### Line 4 – Q2

Input the sum of your San Francisco Payroll Expense Tax and Gross Receipts Tax quarterly installment payments (including all Payroll Expense Tax and Gross Receipts Tax quarterly installment payments made by you or any member of your combined group for periods during which they were a member of your combined group) made for the second quarter (April 1 through June 30) of the tax year.

### Line 5 – Q3

Input the sum of your San Francisco Payroll Expense Tax and Gross Receipts Tax quarterly installment payments (including all Payroll Expense Tax and Gross Receipts Tax quarterly installment payments made by you or any member of your combined group for periods during which they were a member of your combined group) made for the third quarter (July 1 through September 30) of the tax year.

### Line 6 – Total Administrative Office Tax After Installments

The system will subtract lines 3 through 5 from line 2.

### Lines 7 – 10 – Penalties, Interest, and Fees

The system will calculate applicable penalties, interest, and fees for delinquent filings and/or payments. These fields will be blank or zero for timely filings and payments.

### Line 11 – Total Obligation Due / Overpayment

The system will calculate the total obligation due, net of quarterly installment payments and with penalties, interest, and fees (if applicable).

A positive number reflects a balance due. A negative amount reflects an overpayment.

Selecting "Save & Continue" will take you to your Obligation Summary page for the Administrative Office Tax.

#### L. Obligation Summary

The Obligation Summary page will summarize your Administrative Office Tax obligation due or overpayment based on the information entered on the previous page. It will also have the following additional checkbox(es):

##### **Refund Request Checkbox (Only Displays for Overpayments)**

If the amount in line 10 ("Total Obligation Due / Overpayment") is negative, you may request a refund from the Office of the Treasurer & Tax Collector. A field that has been default marked to request a refund will be displayed if you qualify for a refund. The field will not show if you do not have an overpayment.

If line 10 reflects an overpayment and you do not check the box requesting a refund, you must file a request for refund form and/or claim for refund form within the time period mandated by law or you will forfeit the amount of your overpayment. This amount will **not** be carried forward to future years. If you checked the box requesting a refund and do not receive a check from the Tax Collector, you must file a claim for refund form within the time period mandated by law to obtain your refund.

##### **Community Challenge Grant**

If you would like to designate 3 percent of your tax liability for deposit into the Neighborhood Beautification and Graffiti Clean-up Fund (also known as the "Community Challenge Grant Program"), please check the box at the bottom of the page. This will not increase your tax liability, but will designate a portion of the tax

you pay to go to the Community Challenge Grant Program.

Clicking "Save and Continue" will take you to the Taxpayer Statement page. You may skip to that page in these instructions as the intervening instructions do not apply to you.



## B. Credits & Exclusions Eligibility

San Francisco offers a number of tax credits and exclusions for taxpayers meeting specific requirements, as described below. This page is designed to remind taxpayers that must file by mail or in person to do so, and to allow Enterprise Zone filers to file for their credits. Do not select any boxes if you are not qualified for a credit or exclusion listed on this page. Click “Save and Continue” to go on to the Payroll Expense Tax Statement.

If you check “Stock-Based Compensation,” “Central Market Street,” “Clean Technology,” or “Biotechnology,” or if you are a combined group with more than one entity engaged in business in San Francisco at any point during the tax year that checks “Enterprise Zone,” you may not file your Return online and must obtain a paper return (if you have not already received one) by calling 3-1-1 from within San Francisco or 415-701-2311 outside of San Francisco.

### Stock-Based Compensation

The requirements of the Stock-Based Compensation Exclusion in Code section 906.4 include (but are not limited to) undertaking an initial public offering on a public stock exchange or experiencing a change in control prior to any such initial public offering on or after July 3, 2011, and meeting minimum stock-based compensation levels. An affidavit claiming the payroll expense tax exclusion must have been timely submitted with supporting documentation by February 2, 2015. The affidavit can be found at [www.sftreasurer.org/business-form-central](http://www.sftreasurer.org/business-form-central) under “Tax Credits and Exclusions.” If you are filing for the Stock-Based Compensation Exclusion you may not file your Return online and must obtain a paper return by calling 3-1-1

from within San Francisco or 415-701-2311 outside of San Francisco.

### Central Market Street

Many of the requirements of the Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion in Code section 906.3 are summarized at this link:

<http://oewd.org/modules/showdocument.aspx?documentid=237>

If you are filing for this exclusion and the Central Market Street Limit you may not file your Return online and must obtain a paper return by calling 3-1-1 from within San Francisco or 415-701-2311 outside of San Francisco.

### Clean Technology

Many of the requirements for the Clean Technology Business Exclusion in Code section 906.2 are summarized at this link: <http://sfgreenbusiness.org/Resources/clean-technology-payroll-expense-tax-exclusion.html>

If you are filing for this exclusion and the related “Payroll Expense Tax Exclusion” Credit, you may not file your Return online and must obtain a paper return by calling 3-1-1 from within San Francisco or 415-701-2311 outside of San Francisco.

### Enterprise Zone

The requirements of the Enterprise Zone Tax Credit can be found in Code section 906A. Persons filing for this credit and the related “Payroll Expense Tax Exclusion” Credit must have received vouchers for their qualified employees on or before December 31, 2014. If you are filing as a single person, or as a combined group with only one entity engaged in business in San Francisco at any point during the tax year, and you check “Enterprise Zone,” you will be

directed to an online form to enter all your information for the Enterprise Zone Tax Credit and related “Payroll Expense Tax Exclusion” Credit. Specific instructions for this form are in [Appendix B](#). If you are a combined group with more than one entity engaged in business in San Francisco at any point during the tax year and you are claiming the Enterprise Zone Tax Credit and related “Payroll Expense Tax Exclusion” Credit, you may not file your Return online and must obtain a paper return by calling 3-1-1- from within San Francisco or 415-701-2311 outside of San Francisco.

### **Biotechnology**

The requirements for the Biotechnology Exclusion in Code section 906.1 can be found at this link:

[http://www.amlegal.com/nxt/gateway.dll/California/business/article12-apayrollexpensetaxordinance?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:sanfrancisco\\_ca\\$anc=JD\\_906.1](http://www.amlegal.com/nxt/gateway.dll/California/business/article12-apayrollexpensetaxordinance?f=templates$fn=default.htm$3.0$vid=amlegal:sanfrancisco_ca$anc=JD_906.1).

If you are filing for this exclusion and the related “Payroll Expense Tax Exclusion” Credit, you may not file your Return online and must obtain a paper return by calling 3-1-1 from within San Francisco or 415-701-2311 outside of San Francisco.



## C1. 2014 Payroll Expense Tax Filing – Statement Data

This page allows you to enter the information to calculate your Payroll Expense Tax liability.

### Column – Number of San Francisco Employees at Year End

Enter the number of your San Francisco employees (full- and part-time) at the end of the period for which you are filing this Return.

### Column – San Francisco Payroll Expense

Enter your San Francisco payroll expense for 2014. Article 12-A of the Code provides rules for determining San Francisco payroll expense.

For combined groups, enter employees and payroll expense separately in each corresponding row for each entity in your combined group that is engaged in business in San Francisco. If each entity in your combined group that was engaged in business in San Francisco during 2014 is not listed on this page, you may add the entities to your filing on this page by clicking “Add Member.” By adding an entity on this page you are agreeing to file both Payroll Expense Taxes and Gross Receipts Taxes on behalf of that entity for tax year 2014. As noted above, if the entity is part of your combined group for only a portion of the tax year and is filing as a separate entity or part of another combined group for another portion of the year, or is only partially included in your combined return, you may not file online and must file a paper return.

After entering your employees and San Francisco payroll expense, the system will calculate your total Payroll Expense Tax before any Enterprise Zone Tax Credits on page C2.

**Note:** Lessors of residential real estate are treated as separate persons for purposes of the Payroll Expense Tax for each individual building in which they lease residential real estate, and must file separate Returns for each individual building and for their other business activities combined.

## C2. 2014 Payroll Expense Tax Filing

This page calculates your Payroll Expense Tax liability based on your entries on the previous page.

### Line 1 – San Francisco Payroll Expense

Your entry or entries from the previous page.

### Line 2 – Net New Payroll Exclusion

The system will automatically calculate any Net New Payroll Exclusion available under Code section 906.5. You must timely file your Return for this exclusion to be available.

### Line 3 – Net San Francisco Payroll Expense

The difference between lines 1 and 2.

### Line 4 – Payroll Expense Tax at @ 1.35%

The product of line 3 and 1.35% (0.0135). The system will automatically apply any small business tax exemption, which applies to entities with taxable payroll expense that does not exceed \$260,000.

### Line 5 – Total Payroll Expense Tax Before Credits

This line calculates your total Payroll Expense Tax before credits. For a single entity, this will be the same as line 4. For combined groups, this will sum the Payroll Expense Tax before credits for all entities in line 4.



## D. Gross Receipts Tax Filing – Online EZ Eligibility

Answer all questions on this page. If you check "Yes" to Question 1, you will be taken to an Online EZ filing for lessors of residential real estate. If you check "No" to Question 1, "Yes" to questions 2 through 4, and "No" to questions 5 through 9, the system will take you to the Online EZ filing. In all other circumstances, the system will take you to the standard Gross Receipts Tax filing. Depending on your responses on previous pages, you may be sent directly to the standard Gross Receipts Tax filing, and may not see this page.

**Remember: Combined groups must respond to all questions on a combined basis, including all related entities.**

### Question 1 – Lessor of Residential Real Estate

Check "Yes" if you are filing this Return as a lessor of residential estate in 2014. "Residential real estate" means real property where the primary use of or right to use the property is for the purpose of dwelling, sleeping or lodging other than as part of the business activity of accommodations.

### Question 2 – Locations in San Francisco

Check "Yes" if all of your business locations in 2014 were in San Francisco.

### Question 3 – Gross Receipts

Check "Yes" if all of your gross receipts in 2014 were derived from business activities in San Francisco.

### Example 2: Lessor of Residential Real Estate

**NOTE:** If you are both a lessor of residential real estate and are engaged in another business activity or activities in San Francisco in 2014, you are treated as a separate taxpayer (requiring a separate Business Account Number, or account numbers if a combined group) for all of your other business activities combined, as well as being treated as a separate taxpayer (requiring a separate Business Account Number) for each individual building in which you are a lessor of residential real estate. For example, if Corporation A is a lessor of 6 residential units in Building B in San Francisco, is a lessor of 5 residential units and 1 commercial unit in Building C in San Francisco, and sells widgets in San Francisco, Corporation A will be treated as 3 separate taxpayers (each requiring a separate Business Account Number): one for the 6 residential units in Building B; one for the 5 residential units in Building C; and one for the commercial unit in Building C and the widget sales combined. Thus, if you are engaged in a business activity (or activities) other than as a lessor of residential real estate, you will need to complete a separate Return for those activities (in addition to separate Returns for each individual building in which you lease residential real estate).

### Question 4 – Tax Rate Categories

Check "Yes" if more than 80 percent of your San Francisco gross receipts in 2014 were derived from a single tax rate category (i.e., one of Code sections 953.1 through 953.7). For a list of tax rate categories, see Appendix A attached to these instructions.

To determine whether more than 80 percent of your San Francisco gross receipts in 2014 were derived from a single tax rate category, divide your San Francisco gross receipts for each tax rate category into your total San Francisco gross receipts for all tax rate categories combined. If you derive gross receipts from business activities both within and outside San Francisco, determine your San Francisco gross receipts for

each tax rate category by allocating/apportioning your total gross receipts from each tax rate category to San Francisco under the allocation/apportionment rules for that tax rate category.

**Question 5 – Credits**

Check “Yes” if you are claiming the Enterprise Zone Tax Credit or the “Payroll Expense Tax Exclusion” Credit.

**Question 6 – Receipts from the Sale of Real Property or Financial Instruments**

Check “Yes” if you received any amount in 2014 from the sale of real property or financial instruments. “Financial instruments” are defined in Code section 952.3(e) as: (1) stocks or other similar written instruments evidencing a right to participate in the assets of any business; (2) bonds or other evidence of indebtedness; and (3) any other marketable securities.

**Question 7 – Payments to Construction Subcontractors**

Check “Yes” if you made any payments to a construction subcontractor in 2014 while doing business in the construction industry.

**Question 8 – Receipts from Investments, Royalties, or Licensing Fees**

Check “Yes” if you received any amount from investments, royalties, or licensing fees in 2014.

**Question 9 – Distributions from Pass-Through Entities**

Check “Yes” if you received any distributions from one or more pass-through entities in 2014.



## E. Gross Receipts Tax Filing – Online EZ

If you are not eligible to use the Online EZ filing, you will not see this page. If you are eligible to use the Online EZ filing, complete the Online EZ filing as described below. The Online EZ filing is designed to provide an easier filing for businesses that are wholly within San Francisco, primarily in one business activity. After you answer the questions on this page, the system will automatically calculate your total Gross Receipts Tax. Once you complete this page and click “Save and Continue,” the system will take you to your L. Obligation Summary page, and you will not see any further pages regarding the calculation of your Gross Receipts Tax.

### Line 1—Business Activity

Select from the drop-down menu the business activity from which you derived the greatest amount of your gross receipts for tax year 2014. For a description of the business activities, refer to Appendix A attached to these instructions.

Note: If you are filing this Return as a lessor of residential real estate, “Real Estate and Rental and Leasing Services” will be automatically selected for you.

### Line 2a—Enter the Number of Units Leased Out

Enter the number of units leased out. Only whole numbers are accepted entries, no decimals or fractions. A unit leased out for part of the year would be one unit for the purpose of this question.

Note: If you are not filing this Return as a lessor of residential real estate, you will not see this line. Lessors of residential real estate must input the number of residential units they leased out in the building in the 2014 tax year. A Lessor of

residential real estate leasing out three residential units or less in an individual building is exempt from the Gross Receipts Tax with respect to those units.

### Line 2b—Gross Receipts

Enter the total gross receipts for your business. Include the gross receipts from all of your business activities—not just the business activity you selected via the drop-down menu.

In general, “gross receipts” includes all amounts received or accrued from whatever source derived, including, but not limited to, amounts derived from sales, services, dealings in property, interest, rent, royalties, dividends, licensing fees, other fees, commissions, and distributed amounts from other business entities. Gross receipts generally include, but are not limited to, all amounts that constitute gross income for federal income tax purposes.

Use the same method of accounting (i.e., cash or accrual) that you use for federal income tax purposes to determine when to include gross receipts for purposes of the Gross Receipts Tax.

### Rent Controlled Unit Deduction

Note: If you are a lessor of residential real estate, you may exclude from total gross receipts in any tax year 50 percent of the total amount received from the rental of real property to tenants in occupancy at any location in San Francisco that is subject to limits on rent increases pursuant to the Residential Rent Stabilization and Arbitration Ordinance, San Francisco Administrative Code, Chapter 37, Section 37.1 *et seq.*

Once you complete this page you will automatically be taken to page [L. Obligation Summary](#).



## F. Identification of Business Activities

If you are not eligible to use the Online EZ filing, the system will automatically direct you to the standard Gross Receipts Tax form, commencing with this page: F. Identification of Business Activities. If you are eligible and complete the Online EZ filing, you will not see these pages and will be automatically taken to your L. Obligation Summary page.

Check the box corresponding to each business activity in which you engaged in 2014, regardless of the amount of gross receipts that the business activity generated. Most activities are categorized by their 2012 North American Industry Classification System (“NAICS”) code. For more information on the 2012 NAICS codes, go to [www.census.gov/eos/www/naics](http://www.census.gov/eos/www/naics). The “Biotechnology” and “Clean Technology” businesses are described in Code sections 906.1 and 906.2, respectively. If you are engaged in any business activities not listed on this page, check the box next to line 20, and describe the activity or activities in the field that appears.

Note: Interest earned on savings accounts and other passive investment receipts may be reported in your primary business activity and do not need to be listed as a separate business activity.

## G. Apportionment

If you selected only Accommodations and/or Real Estate and Rental and Leasing Services as your business activity or activities, you will not see this page. If you selected any other business activities, and you derived gross receipts from both within and outside San Francisco, your San Francisco gross receipts will be determined, at

least in part, by apportionment. To calculate your apportionment percentage, enter your total payroll and San Francisco payroll for 2014.

### Total Payroll

Total payroll is the total worldwide compensation paid by you and any related entities, unless you made a valid water’s edge election for California Franchise Tax purposes, in which case your total payroll is determined in accordance with that election. If you have employees, “[c]ompensation” means wages, salaries, commissions and any other form of remuneration paid to those employees for services. If you have no employees, compensation includes all taxable income for federal income tax purposes of your owners or proprietors who are individuals. If you had no payroll during 2014, enter zero.

### San Francisco Payroll

San Francisco payroll is determined by apportioning total payroll under Code section 904 (the rules applicable for determining your taxable San Francisco payroll expense for Payroll Expense Tax purposes). If you had no San Francisco payroll during 2014, enter zero.



## H. Calculation of Gross Receipts

For each business activity selected, the system will walk you through the calculation of your taxable gross receipts on a separate page H. If you are a combined group, provide this information on a water's edge or worldwide basis, depending on the election you made that governs your California Franchise Tax Board filing for 2014. To determine the gross receipts to include in the "San Francisco" column, use the rules in Code section 956.1, including the gross receipts of all related entities, regardless of the entities' individual connections to San Francisco.

If the San Francisco gross receipts for a particular business activity are determined wholly by allocating receipts according to Code section 956.1, then only the "San Francisco" column will show and allow data entry. Similarly, if the San Francisco gross receipts are determined wholly by apportioning based on payroll according to Code section 956.2, then only the "Total" column will show and allow data entry. For business activities that use both allocation and payroll apportionment, both columns will display and allow data entry.

### General Instructions for Entering Gross Receipts

In general, "gross receipts" includes all amounts received or accrued from whatever source derived, including, but not limited to, amounts derived from sales, services, dealings in property, interest, rent, royalties, dividends, licensing fees, other fees, commissions, and distributed amounts from other business entities. Gross receipts generally include, but are not limited to, all amounts that constitute gross income for federal income tax purposes.

In lines 1-9, enter your gross receipts for that business activity. Enter amounts even if

excludable as gross receipts under the Code, because exclusions will be taken into account in lines 10-17. Enter amounts only once, even if they qualify in more than one of lines 1-9.

In lines 10-17, enter any exclusions from your total gross receipts for that business activity as reported on lines 1-9. Enter amounts only once, even if they qualify in more than one of lines 10-17. Only enter amounts included in lines 1-9.

Clicking "Save and Continue" at the bottom of the page will bring you to a separate page H for your next business activity. Each of the business activities selected is listed across the top of the page. Once you have completed a page H for all business activities selected, the system will automatically calculate your Gross Receipts Tax.

### Line 1 – Sales

Enter your gross receipts or sales for the business activity in 2014, except for amounts listed on lines 2 through 9. Include gross receipts in the year that they are recognized as gross income for federal income tax reporting purposes. Do not include as gross receipts cash discounts allowed or taken on sales, or cash and credit refunds made to customers for returned merchandise.

### Line 2 – Rent

For the business activity selected, enter the sum of all rental receipts (i.e., rent payments to you), whether received in cash or otherwise, for the lease or rental of real property in 2014, including any payments for services that are part of the lease or rental.

### Line 3 – Royalties

For the business activity selected, enter all royalties received or accrued in 2014.

**Line 4 – Interest, Dividends, and Other Amounts From the Ownership or Sale of Financial Instruments**

For the business activity selected, enter the sum of all interest, dividends, and other amounts received or accrued from the ownership or sale of financial instruments in 2014. “Financial instruments” include:

- (1) Stocks or other similar written instruments evidencing a right to participate in the assets of any business;
- (2) Bonds or other evidence of indebtedness; and
- (3) Any other marketable securities.

To the extent that any loss on the sale or exchange of financial instruments in 2014 reduces your gross income for federal income tax purposes in 2014, you can reduce your gross receipts from the sale or exchange of other financial instruments in 2014 by the amount of that loss, but in no event shall those receipts be less than zero.

**Line 5 – Distributed Amounts from Business Entities**

For the business activity selected, enter the sum of all distributions from business entities received or accrued in 2014.

**Line 6 – Licensing Fees**

For the business activity selected, enter the sum of all licensing and related fees received or accrued in 2014.

**Line 7 – Commissions**

For the business activity selected, enter the sum of all commissions received or accrued in 2014.

**Line 8 – All Taxes and Other Governmentally Imposed Fees**

For the business activity selected, enter the sum of all taxes and governmentally imposed fees received or accrued in 2014.

**Line 9 – Other Amounts**

For the business activity selected, enter the sum of any other amounts received or accrued in 2014, but not included in lines 1-8, including, but not limited to, amounts that constitute gross income for federal income tax purposes.

**Line A – Subtotal Gross Receipts**

This line will sum lines 1 through 9 automatically.

**Line 10 – Related Entities**

For the business activity selected, enter all amounts received from or charged to any related entity (as defined in Code section 952.5) in 2014.

**Line 11 – Investment receipts—Interest, Dividends, and Other Amounts**

For the business activity selected, enter the sum of all interest, dividends, and other amounts received from the ownership or sale of financial instruments and distributions from business entities in 2014, provided such items are directly derived exclusively from the investment of capital and not from the sale of property other than financial instruments or from the provision of services to any person. “Financial instruments” include: (1) stocks or other similar written instruments evidencing a right to participate in the assets of any business; (2) bonds or other evidence of indebtedness; and (3) any other marketable securities.

**Line 12 – Allocations of Income, Gain, and Distributions From an Investment In a Pass-through Entity**

For the business activity selected, enter the sum of all allocations of income or gains, or

distributions (including returns on capital) in 2014 from an entity treated as a pass-through entity for federal income tax purposes, provided such allocations or distributions are derived exclusively from your investment in such entity, and not from any other property sold to, or services provided to, such entity.

**Line 13 – Distributed Share of Gross Receipts From a Pass-through Entity Subject to the Gross Receipts Tax**

For the business activity selected, enter the sum of all gross receipts received in 2014 from a pass-through entity that is subject to the Gross Receipts Tax.

**Line 14 – Receipts From the Sale of Real Property Subject to the Real Property Transfer Tax**

For the business activity selected, enter the sum of all receipts received from the sale of real property in 2014 with respect to which the Real Property Transfer Tax imposed by Article 12-C of the Code has been paid to the City.

**Line 15 – Excludable Taxes**

For the business activity selected, enter the sum of all excludable taxes in 2014. Taxes excluded from gross receipts include only:

- Taxes imposed on or with respect to retail sales;
- Taxes imposed upon a person for which that person is reimbursed by means of a separately stated charge to a purchaser, lessee, licensee or customer; and
- Third-party taxes that a taxpayer collects from or on behalf of the taxpayer's customers and remits to the appropriate governmental entity imposing such tax.

**Line 16 – Other Amounts**

For the business activity selected, enter the sum of any other amounts excludable by law if

included in lines 1-9 and not otherwise included in lines 10-15 or line 17. Include only amounts excluded as gross receipts, and not any reductions from the Gross Receipts Tax as a result of any credits, as these will be taken into account after calculating your gross tax liability.

**Line B – Subtotal Exclusions**

This line sums lines 10 through 16.

**Line C – Total Gross Receipts Before Allocation/Apportionment**

This line is the difference between lines A and B. The "San Francisco" column is your gross receipts allocated according to Code section 956.1 (if applicable to this business activity).

**Line D – Allocated/Apportioned Gross Receipts**

This line applies the appropriate allocation and apportionment methodology to your gross receipts.

For business activities that use 50% apportionment and 50% allocation (i.e., those activities with both "Total" and "San Francisco" columns), the calculation is: (1) Line C of your "Total" column multiplied by your apportionment percentage multiplied by 50% *plus* (2) Line C of your "San Francisco" column multiplied by 50%.

For business activities that use only apportionment (i.e., those activities with only a "Total" column), the calculation is: Line C of your "Total" column multiplied by your apportionment percentage.

For business activities that use only allocation (i.e., those activities with only a "San Francisco" column), this line will equal line C of your "San Francisco" column.

**Line 17 – Amounts Paid to Subcontractors**

**Note: This line will only show in the "Construction" business activity page.** Your San

Francisco gross receipts for the business activity of construction may be reduced by amounts paid in 2014 to a subcontractor possessing a valid business registration certificate with the City during the tax year to the extent that those amounts were included in line C of the “San Francisco” column. Do not subtract any other costs, including, without limitation, costs for materials, fees, equipment, or other services. In order to claim the reduction for payments to subcontractors, you must maintain an itemized schedule of payments to subcontractors and information sufficient to enable the Tax Collector to verify that the subcontractor possessed a valid business registration certificate with the City.

**Line E – Allocated/Apportioned Gross Receipts for Construction After Subcontractor Deduction**

**Note: This line will only show in the “Construction” business activity page.** This line is the difference between line D and line 17.



## I. Calculation of San Francisco Gross Receipts

This page summarizes your San Francisco gross receipts based on your entries on the prior pages. You may click the green bars above this table to edit your responses.

## J. Gross Receipts Review

This page is your opportunity to review all entries you have made prior to running the Gross Receipts Tax calculation. It displays apportionment entries and allows you to expand the calculation of each business activity to review your inputs. If any items are incorrect, you may click on the tab above to be taken back in the process to fix any errors.

## K. Calculation of Gross Receipts Tax

This page applies the appropriate tax rate(s) to your San Francisco gross receipts. If you or your combined group is engaged in multiple business activities, this page applies the rules specified in Code section 953.9. These rules include:

- If more than 80% of your San Francisco gross receipts are derived from business activities in one tax rate category, then that tax rate category applies to all of your gross receipts derived from all business activities.
- The small business exemption provided in Section 954.1 only applies if the sum of your San Francisco gross receipts from all business activities does not exceed \$1,000,000 in total.
- The progressive tax rates apply on an aggregate basis for businesses with multiple sets of activities.

- The applicable rate for each set of business activities is determined in numbered order of the Code sections describing each set of business activities; i.e., activities described in Code section 953.1 are determined first, Code section 953.2 second, and so on.
- The tax rate(s) applicable to any set of activities after the first shall be determined by adding together the San Francisco gross receipts for all previous sets of activities and applying the rate scale commencing with the next dollar. For instance, if you are engaged in a Retail Trade and Food Services and you have \$1 million of gross receipts from your Retail Trade, your Gross Receipts Tax attributable to Food Services is calculated starting with the second tier tax rate for gross receipts from \$1,000,001 to \$2,500,000.
- Your Gross Receipts Tax liability is the sum of your liabilities for each set of business activities.

This page will summarize the gross receipts, tax rate, and Gross Receipts Tax attributable to each of your business activities, pursuant to the rules above. Line E totals the Gross Receipts Tax before credits for all of your business activities. Because Gross Receipts Tax rates for 2014 are only at 10% of the rates approved by the voters, line F multiplies line E by 10% to calculate your total Gross Receipts Tax liability before credits.



## L. Obligation Summary

This page summarizes your total Payroll Expense Tax and Gross Receipts Tax obligations on a single page.

Note: These instructions do not apply to the page L. Obligation Summary for the Administrative Office Tax. Instructions for that page L. Obligation Summary are contained within the instructions for page A. 2014 Tax on Administrative Office Business Activities.

### Lines 1-3 – Total Taxes After Credits

These lines display the total taxes and applicable Enterprise Zone Tax Credit.

### Lines 4-7 – Quarterly Installment Payments

These lines display your quarterly installment payments made throughout the tax year.

### Lines 8-11 – Penalties, Interest, and Fees

These lines display penalties, interest, and fees for late filings, if applicable.

### Line 12 – Net Amount

This line is calculated as line 3 less lines 4 through 7, plus lines 8 through 11.

### Total Obligation Due/Overpayment

This line is the sum of the Payroll Expense Tax and Gross Receipts Tax from line 12.

### Refund Request Checkbox (Only Displays for Overpayments)

If your Total Obligation Due/Overpayment is negative, you may request a refund from the Office of the Treasurer & Tax Collector. A field that has been default marked to request a refund will be displayed if you qualify for a

refund. The field will not show if you do not have an overpayment.

If this page reflects an overpayment and you do not check the box requesting a refund, you must file a request for refund form and/or claim for refund form within the time period mandated by law or you will forfeit the amount of your overpayment. This amount will **not** be carried forward to future years. If you checked the box requesting a refund and do not receive a check from the Tax Collector, you must file a claim for refund form within the time period mandated by law to obtain your refund.

### Community Challenge Grant

If you would like to designate 3 percent of your tax liability for deposit into the Neighborhood Beautification and Graffiti Clean-up Fund (also known as the "Community Challenge Grant Program"), please check the box provided. This will not increase your tax liability, but will designate a portion of the tax you pay to go to the Community Challenge Grant Program.

Clicking "Save and Continue" will take you to the Taxpayer Statement page.

**Note on the Display of Quarterly Installment Payments in the Obligation Summary**

In certain situations described below, quarterly payments may not display as taxpayers expected.

**Amendments:** If you are amending your return, all quarterly installments were moved to the fourth quarter to credit against the annual filing, and will be displayed summed on the fourth quarter line.

**Quarterly Filing and Payments Did Not Match:** If you submitted a quarterly installment payment but did not complete a quarterly filing through our online form (or submitted payment that did not match that quarterly filing) those funds have been applied to the fourth quarter line to credit against the annual filing.

**Combined Groups of Related Entities:** Members of combined groups of related entities, as described earlier in these instructions, will not see quarterly installment payments on their Obligation Summary, as the payments have been applied to the nominated filer for the combined group.

**Other Payment Issues:** If your situation does not meet any of the cases above, you may complete your filing and submit payment in the amount of your net obligation due, less the sum of your quarterly installment payments. Please note penalties, interest and fees will apply if your payments do not pay in full the tax obligation. You may call 3-1-1 in San Francisco (415-701-2311 outside of San Francisco) if you require further payment research. Note that research may take several days.



## Taxpayer Statement

Enter the information requested on the Taxpayer Statement page and, after agreeing with the terms of the Taxpayer Statement, click “Submit.” If you are an agent of the taxpayer authorized to sign this Return on the taxpayer’s behalf, you must have a validly executed Power of Attorney. A Power of Attorney form (Form POA-1), along with instructions as to how to use the form to grant an individual authority to file a Return on behalf of a taxpayer, is available on the website of the Treasurer and Tax Collector at <http://sftreasurer.org/business-form-central>.

Clicking “Submit” will transmit your Return to the Treasurer and Tax Collector. By clicking “Submit” you are certifying under penalty of perjury that you are the taxpayer (including an officer, general partner, member manager, executor, trustee, fiduciary, or other individual with the authority to bind the taxpayer), or an agent of the taxpayer authorized to sign this Return on behalf of the taxpayer pursuant to a validly executed Power of Attorney, and that you have examined the Return and all accompanying schedules or worksheets and have determined that, to the best of your knowledge and belief, all of the information is true, correct, and compliant with all the requirements in Articles 6, 12, 12-A, and 12-A-1 of the Code. You are also acknowledging that you are providing information in response to a request for financial information pursuant to Code section 6.5-1, and that you are required by law to complete this Return in its entirety and that the Return is subject to audit.

After clicking “Submit” you will be shown the “Filing Submitted” popup screen. Only now is your filing submitted.

Click “Continue” to print your Return and review payment options.

## Review Summary

This page allows you to print out a copy of your filing and email a copy of the filing to an additional email address. It also provides confirmation of the date and time your filing was submitted, and states your total Payroll Expense Tax and Gross Receipts Tax due (a negative amount represents an overpayment).



## Payment Options

This page allows you to print a payment coupon for mailing a payment, or you may proceed to the Office of the Treasurer & Tax Collector's online payment portal.

Payments are due on or before the last day of February of the year following the tax year, unless the Tax Collector has granted you an extension prior to the due date. Since the last day of February 2015 falls on a Saturday, the next business day, March 2, 2015, is the due date. Online forms must therefore be transmitted before midnight on March 2, 2015. Payments must also be received or postmarked on or before March 2, 2015. Failure to meet these deadlines will result in penalties, interest, and fees.

If a payment is not honored by a financial institution, for any reason, the tax payment is null and void and a \$50 returned check fee will be charged.

### To Pay Online:

Electronic payments are made through our service provider FIS (formerly Link2Gov).

Please read the information on the FIS payment page about acceptable payment types and convenience fees associated with each.

Be advised that FIS's confirmation only indicates a receipt of your payment information.

It may take 5-10 business days for the payment to process and clear with your financial institution.

### To Pay By Check

To assist in the processing of your payment by check, note the following:

- Make payable to "San Francisco Tax Collector."
- Write the Business Account Number on your check.
- Include ONLY the payment stub, not the statement, with your payment.
- Mail to: San Francisco Tax Collector, P.O. Box 7425, San Francisco, CA 94120-7427.

### To Pay In Person at City Hall

You may pay in person during business hours (8am - 5pm, excluding holidays) at City Hall - Rm 140, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

### To pay by Electronic Transfer (wire transfer through Federal Wire System or ACH)

Follow the detailed instructions located at:

[http://www.sftreasurer.org/ftp/uploadedfiles/tax/business\\_zone/WireInstructionsBT.pdf](http://www.sftreasurer.org/ftp/uploadedfiles/tax/business_zone/WireInstructionsBT.pdf).

## Appendix A – Table of NAICS Codes

Taxpayers deriving gross receipts from business activities both within and outside San Francisco must allocate and/or apportion gross receipts to San Francisco using rules set forth in Business and Tax Regulations Code Sections 956.1 and 956.2. The table below indicates the applicable apportionment and/or allocation methodology for each business activity. The Code is based on the 2012 NAICS classifications.

<b>Code Section (Tax Rate Category)</b>	<b>Business Activity</b>	<b>Description</b>	<b>NAICS</b>	<b>Allocation and/or Apportionment*</b>
§953.1 (1)	Retail Trade	The activity of retailing any type of personal property, generally without significantly transforming its characteristics, and rendering services incidental to the retail sale of property.	44, 45	Allocation and apportionment
§953.1 (1)	Wholesale Trade	The activity of wholesaling property, generally without transformation, and rendering services incidental to the sale of property on a wholesale basis.	42	Allocation and apportionment
§953.1 (1)	Certain Services	Repair and maintenance services, personal and laundry services, and religious, grantmaking, civic, professional and similar organizations that are not otherwise exempt.	811, 812, 813	Apportionment
§953.2 (2)	Manufacturing	The activity of transforming materials, substances or components into new products by mechanical, physical or chemical means; it includes the activity of assembling component parts of manufactured products.	31, 32, 33	Allocation and apportionment
§953.2 (2)	Transportation and Warehousing	The activities of providing transportation of passengers and/or goods, warehousing and storage for goods, scenic and sightseeing transportation, and support activities related to modes of transportation.	48, 49	Allocation and apportionment
§953.2 (2)	Information	Producing and distributing information or cultural products; providing the means to transmit or distribute those products; and processing data.	51	Allocation and apportionment

§953.2 (2)	Food Services	The activity of preparing meals, snacks and/or beverages to customer order for immediate on-premises or off-premises consumption; it includes drinking places.	722	Allocation and apportionment
§953.2 (2)	Biotechnology	The activity of biotechnology business as defined in Section 906.1 of Article 12-A.		Allocation and apportionment
§953.2 (2)	Clean Technology	The activity of clean technology business as defined in Section 906.2 of Article 12-A.		Allocation and apportionment
§953.3 (3)	Accommodations	The activity of providing lodging or short-term accommodations for travelers, vacationers, or others.	721	Allocation
§953.3 (3)	Utilities	The activities of the generation, transmission and distribution of electric power, the distribution of natural gas, the provision and distribution of steam supply, the treatment and distribution of water supply, and the removal of sewage. Excludes establishments primarily engaged in waste management services.	22	Allocation and apportionment
§953.3 (3)	Arts, Entertainment and Recreation	The activity of operating facilities or providing services to meet cultural, entertainment or recreational interests of customers or patrons.	71	Apportionment
§953.4 (4)	Private Education and Health Services	The activity by persons other than governmental agencies of providing instruction and training in any subject, or of providing health care or social assistance for individuals.	61, 62	Apportionment
§953.4 (4)	Administrative and Support Services	The activity of performing routine support activities for the day-to-day business activities of others.	56	Apportionment
§953.4 (4)	Miscellaneous Business Activities (Activity Not Listed Above)	All business activities not otherwise exempt and not elsewhere subjected to a Gross Receipts Tax rate or the Administrative Office Tax.		Apportionment
§953.5 (5)	Construction	The activity of preparing sites for, subdividing land for, or working on, buildings or engineering projects (including highways and utility systems).	23	Allocation and apportionment
§953.6 (6)	Financial Services	The activities of engaging in or facilitating financial transactions.	521, 522, 523	Apportionment

§953.6 (6)	Insurance	The activities of facilitating or supporting the pooling of risk by underwriting insurance and annuities.	524	Apportionment
§953.6 (6)	Professional, Scientific, and Technical Services	The activity of providing for others, specialized professional, scientific, or technical services that require a high degree of expertise and training.	54	Apportionment
§953.7 (7)	Real Estate and Rental and Leasing Services	The activities of renting, leasing, or otherwise allowing the use of tangible or intangible assets, and the activity of providing related services.	53	Allocation

## Appendix B – Enterprise Zone Tax Credit Worksheet

The Enterprise Zone Tax Credit permits a credit against the Payroll Expense Tax (and potentially against the Gross Receipts Tax) for persons meeting the requirements of Code section 906A, in an amount to be determined under Code sections 906A and 960. However, the Enterprise Zone Tax Credit is no longer available for employees hired on or after January 1, 2014, or for employees hired before January 1, 2014, who did not receive a voucher on or before December 31, 2014.

If you check “Enterprise Zone” on page B. Credits and Exclusions, and you are not in a combined group with more than one entity engaged in business in San Francisco at any point during the tax year, you will be directed to an online worksheet that will allow you to enter your Enterprise Zone Tax Credit. This online entry form is similar to the Excel worksheets submitted in prior years.

You will need to input all required information for the employee with respect to which you are claiming the credit. Once you have entered the information, you may click on the button on the bottom left called “New Employee” to add an additional employee.

### **Column - Name of Qualified Employee**

Enter the name of each employee who qualifies for the Enterprise Zone Tax Credit.

### **Column - Job Title**

Enter the title of the employee who qualifies for the Enterprise Zone Tax Credit.

### **Column - Date Hired**

Enter the date (MM/DD/YYYY format required) when the qualified employee first began work for you in the Enterprise Zone. If an employee worked for you on different work periods (not continuous), enter the most recent date hired.

**NOTE:** If this date is between January 1, 1992 and July 29, 2008, the job must have been newly created before the employee was hired. However, if this date is on or after July 30, 2008, the job is not required to have been newly created after this date.

### **Date No Longer Employed**

Enter the date (MM/DD/YYYY format required) when the qualified employee resigned, was laid off, retired, terminated, or otherwise was no longer on your payroll. Leave blank if the employee was still working for you on December 31, 2014.

### **Column A - Gross Payroll Expense**

Enter the amount of gross payroll expense paid for work performed by the qualified employee from January 1 to December 31 of the reporting tax year, regardless of where the work was performed.

### **Column B - Ineligible Payroll Expense**

Enter the amount of gross payroll expense paid for work performed by the qualified employee from January 1 to December 31 of the reporting tax year where the work was performed by the qualified employee while **NOT** physically present in San Francisco.

### **Column C - Net Taxable Payroll Expense**

The system will calculate the difference between Column B and Column A. This is the taxable San Francisco payroll expense for this employee.

### **Column D - Taxable Payroll Expense x 1.5%**

The system will multiply the amount from Column C (Net Taxable Payroll Expense) by 1.5%, which represents a combination of the current San Francisco Payroll Expense Tax rate of 1.35%, and the “Payroll Expense Tax Exclusion” Credit of 0.15% pursuant to Code section 960.

**Column E: 1st 24 Months 100%**

Enter the amount from Column D multiplied by the ratio of months in 2014 that were within the employee’s first 24 months of employment. Count partial months as whole months. See the example below for more information.

**Column F: 2nd 24 Months 50%**

Enter the amount from Column D multiplied by 50% multiplied by the ratio of months in 2014 that were within the employee’s second 24 months of employment. Count partial months as whole months. See the example below for more information.

**Column G: 3rd 24 Months 25%**

Enter the amount from Column D multiplied by 25% multiplied by the ratio of months in 2014 that were within the employee’s third 24 months of employment. Count partial months as whole months. See the example below for more information.

**Column H: 4th 24 Months 15%**

Enter the amount from Column D multiplied by 15% multiplied by the ratio of months in 2014 that were within the employee’s fourth 24 months of employment. Count partial months as whole months. See the example below for more information.

**Column I: 5th 24 Months 10%**

Enter the amount from Column D multiplied by 10% multiplied by the ratio of months in 2014 that were within the employee’s fifth 24 months of employment. Count partial months as whole months. See the example below for more information.

**Column J: Total EZ Tax Credit**

The system will add the amounts from Columns E to I. This is your total Enterprise Zone Tax Credit for each employee.

**New Employee**

Once you have input information into all columns, you may add a new employee using the button on the bottom left side of the page.

**Total Credits**

The Total EZ Tax Credit in Column J will be summed across all employees and displayed at the bottom right side of the page as the “Total Credit.” This amount will be reflected on line 2 of the page L. Obligation Summary.

**Enterprise Zone Tax Credit Example**

Widget Inc. maintains a fixed place of business in the San Francisco Enterprise Zone and employed the following qualified employees as clerks in 2014: Abel, Baker, and Charlie. Abel was hired on 12/01/2008, continued to be employed by Widget Inc. as of 12/31/2014, and was paid \$25,000 for work in San Francisco and \$25,000 for work outside San Francisco in 2014. Baker was hired initially on 03/01/2007, and resigned on 04/15/2008. He was rehired on 05/01/2009, and continued to be employed by Widget Inc. as of 12/31/2014. Baker was paid \$40,000 in 2014, all for work in San Francisco. Charlie was hired on 12/01/2013, resigned on 11/15/2014, and was paid \$20,000 in 2014, all for work performed in San Francisco.

Under these facts, Abel had 11/12 months in 2014 in his third 24 months of employment and 1/12 months in 2014 in his fourth 24 months of employment. Widget Inc. should therefore enter \$85.94 in column G ( $\$375 \times 25\% \times 11/12$ ) and \$3.13 in column H ( $\$375 \times 10\% \times 1/12$ ). Baker had all 12 months in 2014 in his third 24 months of employment such that Widget Inc. should enter \$150 in column G ( $\$600 \times 25\%$ ). Charlie was still in his first 24 months of employment for all of 2014, so Widget Inc. should enter \$300 in line E.

Name of Qualified Employee	Job Title	Date Hired	Date No Longer Employed	Column A Gross Payroll Expense	Column B Ineligible Payroll Expense	Column C Net Taxable Payroll Expense	Column D Net Taxable Payroll Expense x 1.5%	Column E 1 <sup>st</sup> 24 Months 100%	Column F 2 <sup>nd</sup> 24 Months 50%	Column G 3 <sup>rd</sup> 24 Months 25%	Column H 4 <sup>th</sup> 24 Months 15%	Column I 5 <sup>th</sup> 24 Months 10%	Column J Total EZ Tax Credit
Abel	Clerk	12/01/2008		\$50,000	\$25,000	\$25,000	\$375			\$85.94	\$3.13		\$89.06
Baker	Clerk	05/01/2009		\$40,000	\$0	\$40,000	\$600			\$150			\$150
Charlie	Clerk	12/01/2013	11/15/2014	\$20,000	\$0	\$20,000	\$300	\$300					\$300

Total Credit: \$539.06

## Appendix C – Release Notes

In addition to correcting typographical errors, the following are substantial edits to different releases of the instructions.

### 12/29/2014 Release

- Added paragraph to page 7 “Who Must File” regarding Tax Collector Regulation 2014-2, which discusses single member limited liability corporations.

### 1/16/2015 Release

- Added to page 7 “Extension Requests” paragraph.
- Added tax credit, exclusion and limit descriptions to page 13.

### 2/19/2015 Release

- Corrected a typographical error on page 5 – 3 units to 4 units.
- Added a description on page 26 of quarterly installment payment display issues that may apply to certain filings or taxpayers.