



10/25/2018

<<OWNER NAME>>
<<STREET>>
<<CITY STATE & ZIP CODE>>

Request for Comments: Draft Tax Collector Regulation to Clarify the Application of the Early Care and Education Commercial Rents Tax to Certain Leasing Activities

The 'Early Care and Education Commercial Rents Tax Ordinance' was passed by the voters on June 5, 2018 and becomes operative on January 1, 2019.

In addition to the existing gross receipts and payroll expense taxes, this measure imposes a new gross receipts tax of:

- 1% on the amounts a business receives from the lease of warehouse space in the City;
- 3.5% on the amounts a business receives from the lease of other commercial spaces in the City.

This tax generally does not apply to businesses exempt from the existing gross receipts tax or to amounts received from leases to non-formula retail sales establishments or industrial or arts spaces. In general, the tax will be administered in the same manner as the gross receipts tax in Article 12-A-1.

Pursuant to the Tax Collector's authority to adopt rules and regulations under San Francisco Business and Tax Regulations Code section 6.16-1, the Tax Collector intends to promulgate a regulation to clarify the application of the Early Care and Education Commercial Rents Tax to certain leasing activities.

Proposed Regulation

Leases Passing on Costs to Tenants. All amounts received from the lease of commercial space in properties in the City, including without limitation, property taxes, insurance premiums, maintenance costs, and other charges passed on to tenants, are gross receipts that are subject to the Early Care and Education Commercial Rents Tax, to the extent not excluded from the definition of "gross receipts" under Article 12-A-1 of the Business and Tax Regulations Code.

For purposes of this draft regulation, all terms are as defined in Articles 6 and 21 of the Business and Tax Regulations Code.

Comments

Written comments about this proposed regulation must be received on or before November 9th, 2018 via either of the following methods:

- *Email:* Vicky.D.Young@sfgov.org, Executive Secretary to Treasurer José Cisneros
- *Mail:* David Augustine, Tax Collector, Office of the Treasurer & Tax Collector, P.O. Box 7425, San Francisco, CA 94120-7425.