



FORM L-2020 CEASING BUSINESS

Tax Year 2020 Ceasing Business Filing for Residential Landlords

(Lessors of Residential Real Estate)

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This document provides instructions for the 2020 Gross Receipts Tax and Payroll Expense Tax Ceasing Business Filing (the “Return”) for residential landlords (lessors of residential real estate) ceasing business that are neither claiming any tax credits or exclusions, nor reporting Homelessness Gross Receipts Tax ONLY. These instructions provide a summary of the applicable rules to assist you with completing your filing. The San Francisco Business and Tax Regulations Code (referred to throughout these instructions as the “Code”) provides the law for the computation of the Payroll Expense Tax and the Gross Receipts Tax, as well as the rules for filing the Return.

Each Building Must Be Registered and File Separately

For purposes of the Gross Receipts Tax, Homelessness Gross Receipts Tax, Payroll Expense Tax, and Business Registration Fee, 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.

“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.

A lessor of residential real estate must obtain a separate Business Account Number and file a separate Return for each individual building in San Francisco, and must also obtain a separate Business Account Number and file a separate Form ABT-2020 for its other business activities that are not leasing

residential real estate. 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. The example that follows illustrates these concepts.

The Tax Collector is authorized to determine what constitutes a separate building and the number of units in a building.

NOTE: Each registered building will have a separate Business Account Number (BAN) for use in filing. This information has been provided in correspondence from our office.

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 \$400,000 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 \$250,000 of its payroll expense to the lease of its 9 commercial units, \$100,000 to the lease of its 10 residential units in Building A, and \$50,000 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 a Gross Receipts Tax Return reflecting the \$2,000,000 gross receipts from the 9 commercial units because its gross receipts were not less than or equal to \$1,170,000, but it would not have to file a Payroll Expense Tax Return because its payroll expense allocated to the commercial units was less than or equal to \$320,000.

Corporation A would also have to register as a separate person and file a Gross Receipts Tax Return (may be one Form L-2020, if not claiming any credits or exclusions) reflecting the \$750,000 gross receipts from the 10 residential units in Building A because Corporation A leases more than 3 residential units in Building A. But Corporation A would not need to file a Payroll Expense Tax Return with respect to the residential units in Building A because its payroll expense allocated to the residential units in that building was less than or equal to \$320,000. Corporation A would also not need to file a Gross Receipts Tax or Payroll Expense Tax Return for the 3 residential units in Building B because Corporation A leases fewer than 4 residential units in Building B and the \$50,000 payroll expense allocated to the residential units in Building B is less than or equal to \$320,000. 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.

Who May File Form L-2020 Ceasing Business

Form L-2020 Ceasing Business is provided for landlords that are not claiming tax credits or exclusions, or reporting Homelessness Gross Receipts Tax. As noted above, lessors of residential real estate in San Francisco must file under a separate Business Account Number for each building in San Francisco to correctly report their tax liability. “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 for each building 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, attributable to that building, computed without regard to the small business tax exemption in Code section 905-A, is less than or equal to \$320,000; and
- They lease fewer than 4 units in any individual building.

If you believe you may be exempt from the Gross Receipts Tax and/or Payroll Expense Tax under Code sections 906 and 954, please see the instructions for Form ABT-2020, the filing for all taxpayers.

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 must file a Form ABT-2020 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.

If you plan to take any tax credits or exclusions, or your gross receipts exceed \$50,000,000, you must file Form ABT-2020 (the general form applicable to all taxpayers).

Lessors of residential real estate that engage in any business other than leasing residential real estate (e.g., leasing commercial real estate, retailing, etc.) must complete a Form ABT-2020 under a separate Business Account Number for the portion of their business that is not leasing residential real estate.

When You Must File

Returns must be received within 15 days of ceasing business. Payments are due within 15 days of ceasing business. A valid postmark by the due date is considered timely.

Paper filings may be mailed via U.S. Postal Service to:

Office of the Treasurer & Tax Collector
PO Box 7425
San Francisco, CA 94120

Paper filings may also be delivered in person to:

Office of the Treasurer & Tax Collector

City Hall Room 140
1 Dr. Carlton B. Goodlett Pl.
San Francisco, CA 94102

Form L-2020 Ceasing Business

This form provides our office with important tax information. You must answer all questions on this form. If you do not answer any of these questions your filing will be considered incomplete and will be subject to applicable penalties, interest, and fees.

Section A. Business Identification

A1. Business Personal Property

Mark “Yes” if you had any taxable business personal property in the City during the tax year. Otherwise mark “No.”

Business Personal Property includes items like machinery, equipment, fixtures, and leasehold improvements held or used in connection with a trade or business. Business property owners must file a property statement each year with the Business Personal Property Division (BPP) of the Office of the Assessor-Recorder detailing the acquisition cost of all supplies, equipment, fixtures, and improvements owned at each location within the City and County of San Francisco.

For more information, visit:

<https://www.sfassessor.org/property-information/business-owners/about-business-property-assessments>

A2. Average Weekly Employees

Write your average number of weekly employees for your entire business (not just San Francisco). This is a survey question that

does not affect your Gross Receipts Tax or Payroll Expense Tax liability.

A3. Number of San Francisco Employees

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.

A4. Election to Apply Overpayment to Future Periods or Refund Request

If this filing results in an overpayment, we will review for refund. Would you prefer we apply excess funds to future tax obligations? If so, select YES. If you select NO or do not make a choice we will review the excess funds for refund.

If you select NO or do not make a choice 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.

Section B. Gross Receipts Tax

B1. Business Activity

Real Estate and Rental and Leasing Services is pre-populated on this line for Form L-2020 Ceasing Business.

B2. Number of Units Leased Out

Enter the number of units rented out in this building. Note, if you rent out three or fewer units you are a “small business enterprise” exempt from the Gross Receipts Tax.

B3. San Francisco Gross Receipts

Enter the total gross receipts from this building, including, but not limited to rent, non-refundable deposits, and other fees or

charges to residents (e.g., parking, laundry, etc.).

Note: gross receipts that are received from persons or individuals that are not residents (e.g. parking rent from persons that are not residents) should not be reported in this Form L-2020 Ceasing Business for this Business Account Number. See instructions for Form ABT-2020 for more information.

B4. Building With Rent Controlled Units

Mark “Yes” if any of your units are rent controlled. Otherwise mark “No.” “Rent controlled units” include all locations in the City that are 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.*

B5. 50% Exclusion for Rent Controlled Properties

If you marked “Yes” on line B4, multiply the amounts received from rent-controlled units by fifty percent (50%) to determine the amount to exclude for amounts received from rent controlled properties. If no amounts were received from rent controlled units, enter zero.

B6. Taxable San Francisco Gross Receipts

Subtract line B5 from line B3 and input into this line. These are your taxable San Francisco gross receipts.

B7. Gross Receipts Tax

If you leased out three or fewer units in the building for which you are filing this Return you are exempt as a small business and should enter \$0. If you leased out four or

more units, multiply line B6 by 0.00285. Enter the result on this line.

You do not need to file if you lease three or fewer units and are below the minimum filing threshold for the Payroll Expense Tax.

B8. Additional Tax on Gross Receipts in excess of \$5,000,000

If your gross receipts in line B6 are greater than \$5,000,000, multiply line B6 less \$5,000,000 by 0.00015. Enter the result in this line. If the amount in line B6 is less than or equal to \$5,000,000, enter zero on this line.

B9. Total Gross Receipts Tax

Add lines B7 and B8. This is your Gross Receipts Tax for this building.

B10. Total Estimated Taxes Paid

Input your total estimated payments made toward the Gross Receipts Tax during the tax year for this building.

B11. Remaining Gross Receipts Tax Principal Due

Subtract line B10 from line B9. This is the principal amount due.

B12. Penalties, Interest and Fees

If the Return will not be postmarked or received within 15 days of ceasing business, you need to calculate your penalties, interest, and fees to input on this line.

Penalty, Interest and Fee Calculator

Late Filing Penalty	
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Late Payment Penalty	
Interest	
Administrative Fee	
Total for Line B12	

Late Filing Penalty

If the Return will not be postmarked or received within 15 days of cessation of business, write \$100 on the line above, provided you were required to file a Return for this tax. Otherwise, enter zero (\$0).

Late Payment Penalty

If the payment associated with this Return will not be postmarked or received within 15 days of cessation of business, enter a late payment penalty consisting of line B11 (remaining Gross Receipts Tax principal due) multiplied by 5 percent for each month that the amount is delinquent for the first three months, or 40 percent if the amount is delinquent for four or more months. This instruction is your notification that the tax is delinquent and is subject to the penalties under Code section 6.17-1. You can use the applicable rate from the table below:

Payment Received After	Payment Received By	Penalty Percentage
15 days	45 days	5% (0.05)
45 days	75 days	10% (0.10)
75 days	105 days	15% (0.15)
105 days		40% (0.40)

Interest

If the payment associated with this Return will not be postmarked or received within 15 days of cessation of business, interest consisting of the amount from line B11 multiplied by one percent (1%) per month

must be added on this line. Otherwise, enter zero (\$0).

Administrative Fee

If this Return will not be postmarked or received within 15 days of cessation of business, or if the payment associated with this Return is not postmarked or received within 15 days of cessation of business, an administrative fee of \$55 must be added on this line, provided you were required to file a Return or pay the tax. Otherwise, enter zero (\$0).

B13. Amount Due

Add lines B11 and B12. This is the Gross Receipts Tax due.

Community Challenge Grant

If you would like to designate a portion of your tax liability to the Neighborhood Beautification and Graffiti Clean-up Fund (also known as the "Community Challenge Grant Program") you may:

1. Check the box at left to designate 4.2 percent (0.042) of your tax liability; or
2. Enter a percentage up to 4.2 percent in the box at right.

These designations will not increase your tax liability, but will designate a portion of the tax you pay to go to the Community Challenge Grant Program.

Section C. Payroll Expense Tax

C1. Taxable San Francisco Payroll Expense

Enter your San Francisco payroll expense for 2019 related to this building. Article 12-A of

the Code provides detailed rules for determining San Francisco payroll expense.

C2. Payroll Expense Tax @ 0.38%

If line C1 is less than or equal to \$320,000, you are exempt from paying the Payroll Expense Tax as a small business, and should enter zero. Otherwise, multiply line C1 by 0.38% (0.0038). This is your Payroll Expense Tax for the entire 2020 tax year.

C3. Total Estimated Taxes Paid

Input your total estimated tax payments made toward the Payroll Expense Tax during the tax year for this building.

C4. Remaining Payroll Expense Tax Principal Due

Subtract line C3 from line C2. This is the principal amount due.

C5. Penalties, Interest and Fees

If the Return will not be postmarked or received within 15 days of cessation of business, you need to calculate your penalties, interest, and fees to input on this line.

Penalty, Interest and Fee Calculator

Late Filing Penalty	
Late Payment Penalty	
Interest	
Administrative Fee	
Total for Line C5	

Late Filing Penalty

If the Return will not be postmarked or received within 15 days of cessation of business, write \$100 on the line above, provided you were required to file a Return for this tax. Otherwise, enter zero (\$0).

Late Payment Penalty

If the payment associated with this Return will not be postmarked or received within 15 days of cessation of business, enter a late payment penalty consisting of line C4 (remaining Payroll Expense Tax principal due) multiplied by 5 percent for each month that the amount is delinquent for the first three months, or 40 percent if the amount is delinquent for four or more months. This instruction is your notification that the tax is delinquent and is subject to the penalties under Code section 6.17-1. You can use the applicable rate from the table below:

Payment Received After	Payment Received By	Penalty Percentage
15 days	45 days	5% (0.05)
45 days	75 days	10% (0.10)
75 days	105 days	15% (0.15)
105 days		40% (0.40)

Interest

If the payment associated with this Return will not be postmarked or received within 15 days of cessation of business, interest consisting of the amount from line C4 multiplied by one percent (1%) per month must be added on this line. Otherwise, enter zero (\$0).

Administrative Fee

If this Return will not be postmarked or received within 15 days of cessation of business, or if the payment associated with this Return is not postmarked or received within 15 days of cessation of business, an administrative fee of \$55 must be added on this line, provided you were required to file

a Return or pay the tax. Otherwise, enter zero (\$0).

C6. Amount Due

Add lines C4 and C5. This is the Payroll Expense Tax due.

Community Challenge Grant

If you would like to designate a portion of your tax liability to the Neighborhood Beautification and Graffiti Clean-up Fund (also known as the "Community Challenge Grant Program") you may:

1. Check the box at left to designate 4.2 percent (0.042) of your tax liability; or
2. Enter a percentage up to 4.2 percent in the box at right.

These designations will not increase your tax liability, but will designate a portion of the tax you pay to go to the Community Challenge Grant Program.

Taxpayer Statement

Enter the information requested at the bottom of the page and sign the form. 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 Declaration _ 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>.

By signing the form 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.