

CITY AND COUNTY OF SAN FRANCISCO

CITY AND COUNTY OF SAN FRANCISCO

Tax Collector Regulation 2016-3

PAYROLL EXPENSE TAX AND GROSS RECEIPTS TAX – DEADLINES FOR TAX  
INCENTIVES

San Francisco Business and Tax Regulations Code

(a) Authority. The Tax Collector promulgates this regulation pursuant to the Tax Collector’s authority to adopt rules and regulations under San Francisco Business and Tax Regulations Code Section 6.16-1.

(b) Purpose. This regulation consolidates into a single location various existing deadlines related to certain payroll expense tax and gross receipts tax incentives. Nothing in this regulation provides any additional tax incentives beyond those provided in the Business and Tax Regulations Code, or removes any existing requirement to obtain any tax incentive.

(c) Definitions. For purposes of this regulation, all terms are as defined in Articles 6, 12-A, and 12-A-1 of the Business and Tax Regulations Code.

(d) Biotechnology Exclusion. In addition to meeting all of the requirements in Section 906.1 of the Business and Tax Regulations Code, to claim the Biotechnology Exclusion and any related “Payroll Expense Tax Exclusion” Credit a taxpayer must:

(1) After approval by the Director of the Department of Public Health, file an annual affidavit with the Department of Public Health by January 31 of every year after the year the application was first approved that affirms that the taxpayer continues to meet the eligibility criteria as determined by the Department of Public Health.

(2) File annual affidavits with the Office of Economic and Workforce Development by January 31 of every year after the year the application was first approved that detail the total number of individuals hired, the number of individuals hired who were referred by the San Francisco Workforce Development System, and the duration of employment for each individual hired.

(3) File a timely annual payroll expense tax return with the Tax Collector, regardless of the amount of tax liability shown on the return after claiming the Biotechnology Exclusion and any related “Payroll Expense Tax Exclusion” Credit.

(e) Clean Technology Business Exclusion. In addition to meeting all of the requirements in Section 906.2 of the Business and Tax Regulations Code, to claim the Clean Technology Business Exclusion and any related “Payroll Expense Tax Exclusion” Credit a taxpayer must:

(1) Complete and submit for review and evaluation an initial application to the Director of the Department of the Environment by December 31 of the first year that the taxpayer is claiming the exclusion or any related “Payroll Expense Tax Exclusion” Credit.

(2) After approval by the Director of the Department of the Environment, file an annual affidavit with the Department of the Environment by January 31 of every year after the year the application was first approved that affirms that the taxpayer continues to meet the eligibility criteria established by the Department of the Environment.

(3) For clean technology businesses in business sectors eligible for Green Business recognition from the City under Chapter 15 of the Environment Code and implementing regulations, qualify as a Green Business, and complete and submit all required applications for Green Business recognition at least ninety days prior to the close of the tax year for which the taxpayer is claiming the exclusion or any related “Payroll Expense Tax Exclusion” Credit.

(4) File a timely annual payroll expense tax return with the Tax Collector, regardless of the amount of tax liability shown on the return after claiming the Clean Technology Business Exclusion and any related “Payroll Expense Tax Exclusion” Credit.

(f) Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion. In addition to meeting all of the requirements in Section 906.3 of the Business and Tax Regulations Code, to claim the Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion and any related Central Market Street Limit a taxpayer must:

(1) Complete and submit for review and evaluation an initial application and a First Source hiring form to the Office of Economic and Workforce Development by the deadline provided in the instructions issued by the Office of Economic and Workforce Development.

(2) File an annual affidavit with the Office of Economic and Workforce Development and the Tax Collector by December 31 of each year subsequent to the Office of Economic and Workforce Development’s initial approval of the application. The affidavit must affirm that the taxpayer continues to meet the eligibility criteria as determined by the Office of Economic and Workforce Development. The affidavit must also detail the total number of individuals hired during the year, the number of individuals who were referred by the San Francisco Workforce Development System during the year, and the duration of employment for each individual hired during the year.

(3) File an annual First Source hiring form with the Office of Economic and Workforce Development by December 31 of each year subsequent to the Office of Economic and Workforce Development’s initial approval of the application.

(4) File a declaration in support of the Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion with the Tax Collector by the later of: (i) February 1 of

the year following the year for which the exclusion is being claimed; and (ii) within 10 days of receiving notice of eligibility from the Office of Economic and Workforce Development.

(5) File a timely annual payroll expense tax return with the Tax Collector regardless of the amount of tax liability, if any, shown on the return after claiming the Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion and any related Central Market Street Limit.

(h) Stock-Based Compensation Exclusion. In addition to meeting all of the requirements in Section 906.4 of the Business and Tax Regulations Code, to claim the Stock-Based Compensation Exclusion a taxpayer must:

(1) File an annual affidavit with the Tax Collector by January 31 following the tax year for which the taxpayer is claiming the exclusion attesting to the facts establishing entitlement to the tax exclusion.

(2) File a timely annual payroll expense tax return with the Tax Collector regardless of the amount of tax liability shown on the return after claiming the Stock-Based Compensation Exclusion.

(i) The failure to meet the deadlines provided in this regulation will result in the denial of the requested exclusion, credit, or limit. Any deadlines that fall on a weekend or holiday will be extended to the next business day.