

**CITY OF RICHMOND
FINANCE DEPARTMENT
FINANCE DIRECTOR ADMINISTRATIVE RULING NO. 4
ADMINISTRATIVE RULING AND INTERPRETATION (4.0)**

Authority. Pursuant to Section 7.04.670 of the City of Richmond Gross Receipts Business Tax Measure U, the Director of Finance, upon delegation from the City Manager, hereby adopts the following administrative rulings:

PURPOSE

This Administrative Ruling provides clarification on a specific subject that is not covered in the Measure U Gross Receipts Tax Ordinance approved by Richmond voters in November 2020.

BACKGROUND

The rulings herein promulgated provides specific apportionment criteria to be used by the City of Richmond staff and the taxpayer in determining application of the Business Tax of gross receipts.

RULING OF THE DIRECTOR OF FINANCE

The topic of proration is not covered in the Measure U Gross Receipts Tax Ordinance. This subject specifically applies to businesses whose existing business licenses are set to expire during the 2022 calendar year.

Those businesses were encouraged to renew their business licenses in 2021 which would set their expiration date to the same calendar date in 2022.

Currently, without proration, a business is expected to pay the full amount of their 2022 Measure U Gross Receipts Tax.

With proration, such business is only obligated to pay a percentage of the remaining time in 2022 from the date of expiration of their current business license to December 31, 2022.

Example: A business whose business license expired on June 30, 2022 would receive a 50% (fifty-percent) reduction of their business tax.

Note that this Administrative Ruling is a one-time application for those businesses whose licenses expired in 2022, which will set their new expiration date to December 31, 2022.

Date(s) of Expiration	Proration Percentage
January 1, 2022 to March 31, 2022	No proration.
April 1, 2022 to June 30, 2022	75%
July 1, 2022 to September 30, 2022	50%
October 1, 2022 to December 31, 2022	25%

Limitation. This ruling is intended to give general guidance and should not be viewed as providing a definitive solution to all similar situations, as the exact application of the tax will depend on the nature of the service, the manner in which it is billed (e.g., bundled or unbundled), and other factors.

City of Richmond, Deputy City Manager for Director of Finance



Nickie Mastay for Delmy Cuellar

Date: November 3, 2022