

City of Los Angeles Business Tax (LABT)

The Los Angeles Municipal Code stipulates that businesses must obtain a **Business Tax Registration Certificate** AB63: Form 96.010(a) and pay the required **City of Los Angeles Business Tax–LABT**.

The City of Los Angeles has access to business information contained on tax returns filed with the state of California and uses it to identify taxpayers subject to this tax.

In order to comply you must register with the LA municipality and obtain a **Business Tax Registration Certificate**. The city determines the type of business that is being operated and sends a bill. There are several exceptions which exempt a business from paying the tax. However, the business must obtain a **Business Tax Registration Certificate** to claim the exemption.

The deadline is January 1st and is delinquent if not paid before March 1st.

The following are examples of exemptions:

1. Small Business Exemption Small businesses with total gross receipts of \$100,000 or less are exempt from LABT.

2. Newly Established Business A “New Business” is eligible for an exemption from the LABT, for the first two years of its operation or its first three years of operation if the business began between January, 1, 2010 and December 31, 2012, if its gross receipts are less than \$500,000 for the calendar year.

3. Creative Artist Exemption A “Creative Artist,” whose activities are primarily for entertainment and/ or aesthetic purposes, is exempt from paying the LABT on gross receipts of more than \$300,000.

Taxpayers who may be eligible for this exemption include: actor / announcer; art director, costume designer, production designer, scenery / set designer; choreographer; cinematographer; conductor of musical groups; director; motion picture editor, sound dubbing, special effects, or titling artist; creative writing; music / lyrics arranger, composer or writer; author; cartoon artist; lithographer / painter/ sculptor of visual fine arts; drawing graphic / illustration / sketch artist; performing artist; and photographer (if primary artistic and not journalistic or commercial).

To see more exemptions, please visit <http://www.ci.la.ca.us/finance/finA3.htm>.

For those businesses that are not exempt and must pay, according to the Los Angeles Municipal Code, the minimum business tax for architects, engineers, consultants and other occupations, not including contractors, is \$99 per year or any fraction of the year. To see other categories and for more information, please see the New Business Tax Rates, which can be found at <http://www.ci.la.ca.us/finance/finA7/htm>.

For more information and filing assistance, please contact us.