

*City of Ventura
Business License Tax Office*

New Business HANDBOOK



Starting a Business in the City of Ventura?

Great!

The City of Ventura welcomes you to its business community. Starting a business is exciting and challenging. And, we want you to succeed.

Although there are many things you will need to consider when starting a business, our main concern deals with your City of Ventura Business License Tax.

This brochure is presented as a resource for the new business owner. We have tried to answer the questions most asked regarding requirements for starting a business, other related permits and licenses, and different agency responsibilities. And, for your convenience, we have provided a listing of City, County, Federal and State agencies at the back of this booklet. However, it is the business owner's responsibility to research applicable city, county, state and federal regulations and obtain any necessary licenses or permits.

Staff is here to help. If you need further business license assistance, you are welcome to contact us at (805) 658-4715.

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QUICK FACTS

- The CITY of Ventura and the COUNTY of Ventura are different.
- You must be individually licensed in EACH of the cities in which you do business. There is no multi-city license. There is no county-wide license.
- Our fiscal year ends June 30. Your license will always expire June 30.
- You will be licensed as of the moment we process the application. The actual certificate will come in the mail soon after processing.
- There is no “flat fee” for a license. The cost of the license will vary depending on the nature of your business, the business location, your projected income, and a few other variables. Call for help estimating the cost of you license.
- You need a license for all business activity conducted within the City of Ventura. Business activity includes advertising, soliciting, sales, consulting, and bidding on potential jobs. If you are unsure if what you are doing qualifies as business activity, call this office and ask.
- The Business License and the Business Tax Certificate are the same.
- The apportionment (most likely) only applies if you are coming into Ventura to do business from outside the city.
- If you are based in Ventura your apportionment is 100%. If you are coming into Ventura from another city your apportionment is 80%.
- Nearly every phone number you need is located in the back of this booklet.
- Each City will calculate their business tax and associated fees differently. Do not assume that the fee schedule, taxes, or other licensing procedures from another city will be the same as the City of Ventura.
- Home-based businesses still need a Business License.
- Contractors have minimum reported gross receipts of \$55,000 in Ventura.
- If you are paid with a “1099”, or are considered an independent contractor, you need a license.
- When filling out your New Business License Application, you will run across a section asking for an estimate

of your gross receipts. Here are a couple of tips for estimating:

- Do not estimate \$0.00.
- Don't stress the estimate. The best policy is to make a fair and honest estimate of the coming year's gross receipts. If you estimate \$50,000 and gross \$100,000 that's okay. If you estimate \$50,000 and gross \$10,000 that's okay too. The first year we ask for an estimate, the second year you will calculate your tax based on the reported income on you federal income tax return.

BUSINESS LICENSE DEFINED

What is a Business License?

A Business License is an annual tax you pay each fiscal year for doing business within the incorporated area of the City of Ventura (City).

The City's municipal code requires that you obtain a license PRIOR to conducting any business activity within the City - even if your business is located OUTSIDE the city limits or you have a business license from another city.

The Business Tax Certificate, is evidence only that your tax has been paid. *Other permits may be required to open your business. And, a separate tax certificate is required for each type of business at the same location or for each branch location.*

Who is required to have a license?

Any person who conducts business in or is based from the City must obtain a business license. Conducting business in the City without a license can result in penalties, notice of violations, citations, and finally, court action.

What if I also conduct business in the unincorporated area of the County of Ventura?

You will need a Ventura County business license to conduct business in any unincorporated area of Ventura County. Check with the County's Business License Bureau, and the Ventura County Sheriff's Department.

I conduct business in several cities. Can I get just one license to do business in ALL of them?

Unfortunately, no. Each city has its own business license requirements and you must have a business license

to conduct business in each one. Fortunately, you only pay the tax on the portion of gross receipts that is generated in each particular city. In addition, when you are based outside the City of Ventura, and come into our city to do business, we “apportion” your tax. That will save you some money. See “Apportionment Guidelines” later in this brochure for details.

It is important to know that most California cities have a business license tax ordinance. However, *each city has its own tax rate, structure, and requirements. Check with the appropriate City or County for theirs.*

What if I have more than one business?

If you own more than one business, you may be eligible to consolidate your business license taxes and save some money. Call staff for details.

Why must I pay a tax to do business in the City?

By City Code, the tax imposed through the taxing power of the City is solely for the purpose of obtaining general revenue. Business taxes help pay for city services like roads, fire and police, and other community services.

How long is this license good for?

Your license is current for the license year in which you obtain it and must be renewed each July 1 as long as you are in business.

The tax year coincides with our fiscal year, JULY 1st through JUNE 30th. Business taxes are paid at the beginning of each fiscal year and renewals are delinquent after July 31st.

Will the City notify me when to renew my license?

Yes. However, *it is your responsibility to obtain a renewal license whether or not a renewal notice is received.* Penalties are assessed for delinquent accounts, regardless of whether you receive a renewal notice or not. If you do NOT receive a notice by July 1, contact staff immediately.

How much will the Business License cost?

That depends on the type of business and its location. Your tax will be apportioned to the amount of gross receipts you generate within the City of Ventura. In addition, the base tax is pro-rated based on the month you begin conducting business (see page 9).

My business is just starting, what gross receipts do I use?

A new business is taxed using a projected gross receipts amount from the start of business to the end of the license year.

The following license year renewal cost will be based on another projected gross receipts for the entire tax year . . . this time using a monthly average amount that your business has earned so far. Thereafter, you will use the gross receipts from the last completed twelve month period as reported to the I.R.S. for Federal Income Tax purposes.

What exactly are “gross receipts”?

Gross receipts are what you receive such as cash, credit, and/or property taken in lieu of cash payments for the goods or services that you sell. There are a few deductions that you can take in calculating your gross receipts. Call staff for a more detailed description of those deductions.

But my business does not generate any gross receipts.

Some businesses, such as administrative offices, do not generate gross receipts. In these cases, use Cost of Operations to calculate your business license tax. Cost of Operations include the total amount expended for operating your business, such as salaries and benefits, rents, utilities, and other general overhead expenditures. Again, call staff for details.

But, I don't make much money. It's a very small business.

Even if you conduct business on a part-time, limited, or hobby-related bases, you are required to obtain a current business license. However, your business may qualify for a limited income status.

If your gross receipts are consistently less than \$2,400 a year, you may be exempted from paying the tax. However, you will need to be in business at least 24 months before you can apply for limited income status and you must provide verification to maintain this status. Contact staff for the details.

Do I need a D.B.A. or Fictitious Business Name?

Yes. If your business name is anything other than your surname or has more than one owner – a partnership, association or company – you must file a fictitious Business

name with the County Clerk's Office. Should you accidentally "infringe" upon another business name you may face legal action. So, it is a good idea to do this before you apply for the Business License. We do not deny applications for duplicate names.

What is the Application Procedure and Timing for Obtaining a Business License?

The actual process to obtain the business license takes only a few minutes. However, apply for your license **AT LEAST THREE WEEKS** prior to opening your business so that City fire, building, and zoning clearances can be completed.

Must I apply in person or can I do it by mail?

You may apply in person or by mail. However, if you use the mail, take care in calculating your tax or call our staff for assistance. Calculation errors delay the process because we may either request additional information or refund overpaid monies, and, if there is a refund, we will deduct a \$6.00 Administrative Fee. So, if you are not sure of your calculations, give us a call.

Are there any restrictions on where I do business?

Every business must meet zoning and building requirements to ensure that its business category and site are compatible **BEFORE SIGNING** any leases and moving in.

Check with the City's Planning Division to make sure you locate your business at an address where it is allowed and that it does not heavily impact the neighborhood or require special parking considerations.

Commercial business locations

Check with the City's Inspection Services Division to determine what building modifications, if any, may be necessary for your business type.

Usually, a fire inspector will visit your business in order to verify that your building or tenant area meets Fire and Building Code requirements and will issue your business location a Certificate of Occupancy.

What is a Certificate of Occupancy?

This certificate indicates that your business location has been cleared for the type of business you intend to conduct there. Every business location associated with your business requires a Certificate of Occupancy.

Exact Business Address

As your business address will appear on all filing documents, make sure it is accurate and legal to save you the trouble and expense of refile changes later. If you need assistance in determining the legal address, contact the City's Planning Division.

I have this neat idea for a great sign!

Please check with the Planning Division before using or installing ANY type of sign: wall, window, banners, even balloons.

Temporary signs require review and approval prior to issuance of permits and installation.

Do I need a license if I work out of my home?

Yes. Businesses operated from the home also require payment of a business license tax.

The City's Zoning Ordinance regulates the type of business operations that may be done in the home. Home Occupation Zoning Requirements are available from the Business Tax Office.

I am paid on a "1099" basis with my employer (not as an employee), do I need a business license?

Yes, if you are not an employee, you are considered an Independent Contractor. Providing services to, or on behalf of a business, may be of an employee/employer or an independent contractor relationship depending on the nature of work and span of control involved. Determining the relationship between you and your employer (or employee) can sometimes be confusing. However, put simply, if you are not paid as an employee, you are considered an Independent Contractor and are required to have a business license.

Fortunately, the State Department of Employment Development (EDD) has a very helpful booklet highlighting specific guidelines to follow in determining the correct relationship between you and your employer or employee.

Contact EDD if you are unsure of the relationship. Once a determination has been made that your relationship is not that of an employee/employer, then by default, it is that of an independent contractor subject to a business license.

Do State Licensed Contractors need a Business License too?

Any person licensed as a contractor by the State Contractor's Board must obtain a business license if: 1) conducting business in the City, whether based in or outside the City, or: 2) if based in the City, whether conducting business in or outside the City.

When calculating the business license tax for a first time Business License, use the projected gross receipts from all business activity in the City of Ventura from beginning date of license to the end of the license year. There is a minimum gross receipt of \$55,000 for contractors.

When do I need a Seller's Permit?

Every business intending to sell tangible goods – wholesale or retail, commercial or home based, sales or repair oriented – requires a California Seller's Permit. To apply, contact the Board of Equalization.

What if my business has employees?

Contact the Employment Development Department for their requirements regarding State Withholding Taxes, Disability and Unemployment Insurance.

What if I'm self-employed?

If you have NO EMPLOYEES, Contact the Franchise Tax Board regarding Withholding Taxes, and Corporate State Taxes.

What about selling food?

If selling or preparing food, apply for a Health Permit from the County Environmental Health Department.

What about handling or storing hazardous material?

If your business uses or stores flammables, corrosives, explosives, toxics or other hazardous materials, you must obtain a permit from the City's Inspection Services Division. If you generate hazardous waste(s) (including medical waste), contact the County Environmental Health Department for proper clearances.

When is an Air Permit required?

If using, selling or transferring equipment that may cause air contaminants, first secure written authorization from the Ventura County Air Pollution Control District.

BUSINESS TAX RATES

In most cases, taxes are calculated using a business' gross receipts and are apportioned based upon the amount of business that is transacted within the City. In addition, the base tax is pro-rated based on the month you begin conducting business (see page 9).

TIER 1

- Retail, Wholesale, (use Gross Receipts)
- Administrative Headquarters (use Cost of Operations)

Base tax	\$45 plus
Gross receipts up to \$5 million	11 cents per thousand
Gross receipts exceeding \$5 million.	06 cents per thousand

TIER 2

- Contractors, Manufacturing*, Miscellaneous*, Professions, Non-City Franchised Public Utilities, Recreation and Entertainment, Rental of Non-Residential or Residential Property, Services

Base tax	\$45 plus
Gross receipts up to \$5 million	34 cents per thousand
Gross receipts exceeding \$5 million	17 cents per thousand

* *May use cost of operations when applicable gross receipts are zero (0).*

- City-franchised Public Utilities

Base tax	\$45 plus
per subscriber/meter	05 cents

- Solicitor, Peddler or Canvasser

Base tax	\$45 plus
Gross receipts up to \$5 million	34 cents per thousand
Gross receipts exceeding \$5 million	17 cents per thousand

- Solicitor, Peddler or Canvasser, not City-based, operates annually in City, when unable to calculate gross receipts

.....	\$500 year
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- Transportation of Persons or goods, if unable to calculate gross receipts

5 or less trips per day	\$50 per vehicle
6 or more trips per day	\$100 per vehicle

TIER 3

- Itinerant Merchants without vendors \$25/day
- Swap meet Operators and Operators of Productions, Shows or Events with Booths or Exhibits \$25/day + \$1/day per vendor
- Swap Meet Operators with fixed place of business \$400/year + \$1/day per vendor
- Solicitor, Peddler, or Canvasser no fixed place of business in the City and not operating on an annual basis \$25/day or \$200/month
- Special Events \$150/day
- Film, TV, Movie Productions \$150/day
- Warehousing 1/2 cent/sq. ft

PRO-RATE BASE TAX

Businesses that commence operations between August 1 and June 30 of any tax year shall prorate the base tax rate of forty-five dollars (\$45) on a monthly basis from the first month of business operations through June 30 for the first year of the business operations.

Business Start Month	Pro-rated Base Tax
July	\$ 45.00
August	\$41.25
September	\$37.50
October	\$33.75
November	\$30.00
December	\$26.25
January	\$22.50
February	\$18.75
March	\$15.00
April	\$11.25
May	\$7.50
June	\$3.75

APPORTIONMENT GUIDELINES

Depending on where your business is located and/or conducted, and with verification submitted to the Tax Collector, you may be able to apportion your business license tax as follows:

I. Retail/Wholesale

A. Fixed place of business in Ventura.

- Deduct up to 50% for the location outside the City

where the sale is negotiated or solicited through the physical presence of the owner, employee or agent.

- Deduct 20% for storage/warehouse facility outside the City operated by the business where the merchandise is stored immediately prior to shipment.
 - Deduct 10% for the facility outside the City where billing and/or collection procedures are performed.
- B. Located outside Ventura with only delivery activity in City
- Deduct 65% of tax based on gross receipts from all sales in the City when delivery is made by the business
 - Deduct 70% when delivery is made by a hired trucking firm.
- II. Professions, Non-City Franchise Public Utilities, Recreation/Entertainment, Service, Transportation not based on daily trips.
- A. Business based in Ventura, no gross receipts generated in the City.
- Deduct 80% of tax calculated using total gross receipts OR
 - Pay 100% of the tax calculated using cost of operations in the City...whichever is greater.
- B. Business based outside Ventura including Retail/Wholesale other than delivery only into the City
- Pay 80% of tax calculated using gross receipts generated from business activity in Ventura.

EXAMPLES:

Professional located in Ventura:

$$\begin{array}{ccccccc} \$150,000 & \times & .00034 & = & \$51 & + & \$45 & = & \$96 \\ \text{(gross receipts)} & & \text{(tier rate)} & & \text{(subtotal)} & & \text{(base tax)} & & \text{(total)} \end{array}$$

Contractor located outside Ventura:

$$\begin{array}{ccccccc} \$150,000 & \times & .00034 & = & (\$51 + \$45) & \times & .80 & = & \$76.80 \\ \text{(gross receipts)} & & \text{(tier rate)} & & \text{(subtotal)} & & \text{(base tax)} & & \text{(appor \%)} & & \text{(total)} \end{array}$$

CERTIFICATE OF OCCUPANCY INSPECTION FEES

At the time of payment of the business license tax, businesses located in a commercial or industrial zone will be required to pay a Fire Department Certificate of Occupancy.

Inspection Fees:

Fees are subject to change. Call for current rate sheet.

Processing Fees:

Fees are subject to change. Call for current rate sheet.

AGENCY LISTING

City of Ventura

501 Poli St. • Ventura, CA 93001
www.cityofventura.net

Business License Office
(805) 658-4715 Rm.107
Hrs. 8:00-5:00, Th. 9:00-5:00

Code Enforcement
(805) 658 4717
505 Poli St, Rm. 201

Planning/Zoning Division
(805) 654-7893 Rm. 117
Hrs. 8:00-5:00, Th. 9:00-5:00

Police Department
(805) 339-4400
1425 Dowell Dr., Ventura

Inspection Services
(805) 654-7869

County Government Center

800 S. Victoria Ave. • Ventura, CA 93009
www.ventura.org

County Information
(805) 654-5000

County Assessor's Office
Property Tax – Business
(805) 654-2181

Business License (County)
(805) 654-2653

District Attorney
Consumer Mediation Svcs.
(805) 654-3110

County Clerk
Direct Line
(805) 654-2263
Fictitious Name Filing
(805) 654-3790

Environmental Health Dept.
Regulations for Food/
Hazardous waste
(805) 654-2181

State Government

Alcoholic Beverage Control
www.abc.ca.gov
(805) 289-0100
1000 S. Hill Rd. # 310
Ventura, CA 93003

Contractor's Board
www.cslb.ca.gov
(800) 321-2752
2220 E. Gonzales Rd. #102
Oxnard, CA 93036

Board of Equalization
Seller's Permit; Sales Tax
www.boe.ca.gov
(805) 677-2700
4820 McGrath St. #260
Ventura, CA 93003

Employment Develop. Dept.
www.edd.cahwnet.gov
(888) 745-3886

Franchise Tax Board
State Income Tax
www.ftb.ca.gov
(800) 852-5711
300 S. Spring St. #5704
Los Angeles, CA 90013

AGENCY LISTING

Other

Better Business Bureau
www.santabarbara.bbb.org
(805) 963-8657
Hrs. 8:30 – 5:00, Mon.-Fri.
213 Santa Barbara St.
Santa Barbara, CA 93102

**Ventura Chamber of
Commerce**
www.ventura-chamber.org
(805) 676-7500
801 S. Victoria Av. #200
Ventura, CA 93003

Score
Free Business Counseling
www.score.org
(805) 204-6022
400 E. Esplanade Dr. #300
Oxnard, CA 93036

Internal Revenue Service
www.irs.gov
(805) 445-4771
751 Daily Dr., Camarillo, CA

**Need assistance calculating
taxes, apportionment or fees?**

**Call staff at
(805) 658-4715.**



CITY OF VENTURA

Department of Finance & Technology
Business License Tax Office

Phone: (805) 658-4715

Fax: (805) 653-0634

501 Poli Street • Room 107 • P.O. Box 99
Ventura, CA 93001

Mon, Tue, Wed, Fri. 8:00 a.m. - 5:00 p.m.

Thurs. 9:00 a.m. - 5:00 p.m.

This brochure attempts to help the New Business Owner understand the Business License process and is not intended to supersede any provisions in the San Buenaventura Ordinance Code. Should this brochure present any information in conflict with the provisions of the Ordinance, the Ordinance shall prevail.

In compliance with the Americans with Disabilities Act, this document is available in alternate formats by contacting the Business License Tax Office at (805) 658-4715 or the California Relay Service.

Printed on recycled paper.



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