



ANTONIO R. VILLARAIGOSA
MAYOR

**RE: CITY OF LOS ANGELES UTILITY USERS TAX
COMMUNICATIONS USERS TAX (CUT) DISCOVERY PROGRAM**

Reference #

On February 5, 2008, the voters of the City of Los Angeles approved Measure S-Communications Users Tax (CUT). This ordinance became effective, in its entirety, on March 15, 2008. We are currently conducting a program to identify communications service providers that may be operating in the City without remitting the Communications Users Tax. We have included you in this mailing because the City received information that indicates you may be engaged in providing communications services to users with a billing or service address or point of sale in the City of Los Angeles. This notification letter is provided to inform you of the City's tax requirements.

The Communications Users Tax ordinance is available online at <http://www.lacity.org/finance/pdf/CUTOrdinance.pdf>. The ordinance identifies the various types of communications services and charges that are subject to taxation. For your reference, listed below are some of the significant provisions of the ordinance.

- Tax rate is 9%
- Monthly reporting and remitting is required for service providers (see attached remittance form)
- Exemptions are provided for low-income senior citizen and disabled households
- Charges for non taxable services billed together with taxable services may be taxable
- Private Communications services, such as T-1 lines, and VoIP services are subject to taxation
- Text and instant messaging services are subject to taxation

The Municipal Code for the City of Los Angeles also requires that no individual, partnership or corporation shall conduct business within the City without obtaining a business registration certificate and paying applicable business taxes. Our records indicate that you may be out of compliance with L.A.M.C. Section 21.03 (Imposition of Tax) and/or L.A.M.C. Chapter II, Article 1.1, Section 21.1.8 (Duty to Collect Utility Users Tax).

It is important that we receive a response to this notification within 30 business days. If you are not liable to pay or collect and remit these taxes, we still require clarification from you. Failure to respond to this notice may result in this office proceeding with an estimated assessment as provided for under Section 21.16 of the Los Angeles Municipal Code, in order to protect the interests of the City. **To assist us in determining your status, please do one of the following within 30 business days:**

- To comply with L.A.M.C. Section 21.03 and/or Chapter II, Article 1.1, Section 21.1.8, complete and return the enclosed application to the Office of Finance. Please give a full explanation of your business activities.
- If you believe you are not subject to collect and remit the communications users tax, please provide a written response describing your position.
- If you are already registered with the City and are remitting the proper communications users tax under the new ordinance, please provide the account number on the application, sign and return.

Any correspondence should be returned to the City of Los Angeles directed to the following address:

**City Of Los Angeles
Office of Finance
CDU Tax Discovery Unit
P.O. Box 53234
Los Angeles, CA 90053-0234**

Upon review of your response, you will be removed from the database or contacted for further information. For assistance in regards to this letter, you may visit our website at www.lacity.org/finance/, contact us at Finance.PhoneTax@lacity.org, or call **(213) 368-7169**.

Sincerely,

Office of Finance

Enclosures

NOTE: Advice on City tax matters is only binding if issued by the Director of Finance or the Mayor and City Council in writing. Oral and/or unauthorized advice on tax matters is not binding upon the City.