

**CITY OF LOS ANGELES
OFFICE OF FINANCE
TAX AND PERMIT DIVISION
CITY CLERK'S RULING NO. 7 (NEW SERIES):
APPLICATION OF BUSINESS TAX ORDINANCE TO SOCIAL CLUBS,
AUTOMOBILE CLUBS, GOLF AND COUNTRY CLUBS, EMPLOYEES'
ASSOCIATIONS, ETC.**

Reference: Article 1, Los Angeles Municipal Code and City Attorney's Opinion of August 11, 1953. All clubs or associations, including social clubs, automobile clubs, golf and country clubs, employees' associations, etc. are subject to the provisions of the Business Tax Ordinance. The definition of the word "person" specifically includes **all** clubs and **all** associations. Only certain specifically described nonprofit organizations and, in some cases, only certain activities of these organizations are exempted from the tax (see Section 21.190(c) 2, 3, 4; and Section 21.22(a) L.A.M.C.). Clubs or associations engaged in the operation of dining rooms or other departments in which meals or tangible personal property is sold to the members or employees of the club or association, and guests of such members or employees, must obtain Registration Certificates and pay the tax imposed by Section 21.167 L.A.M.C. even though the clubs or associations are operated upon bona fide nonprofit basis, and such sales are confined to members and employees of the club or association or their guests. The sale of services, except such as may be specifically taxed under other provisions of the article, properly belongs under Section 21.190 and clubs and associations are subject to the provisions of Section 21.190 when they are engaged in activities within the scope of the Section, excepting when the activity of the club or association is specifically exempted under the provisions of Section 21.190(c) 4. Section 21.190(c) 4 L.A.M.C. contains the express provision that insofar as "...Rotary, Kiwanis and Lions Clubs, nonprofit automobile clubs, Chambers of Commerce, and other community service organizations"..." trade associations such as Merchants Plumbers Association, Merchants and Manufacturers Association and labor organizations..." may be taxable under Section 21.190, their receipts are not to be considered "gross receipts." But the exemption so granted in Subsection (c) 4 of Section 21.190 cannot be extended to other activities which are taxable under other provisions of the Business Tax Ordinance. If an activity subject to provisions of the Business Tax Ordinance occurs only rarely, the operation may not constitute "engaging in business." Each case will rest upon its own facts and borderline cases must be referred to the Office of Finance for individual rulings.

I, Walter C. Peterson, CITY CLERK of the City of Los Angeles, pursuant to authority granted me in Section 21.15(h) of the Los Angeles Municipal Code, as amended by Ordinance No. 115,044, do hereby adopt and promulgate the foregoing rule and regulation as a restatement and continuation of Office of Finance's Ruling No. 7 adopted by me on November 10, 1953 and revised by me on July 19, 1956, pertaining to the collection of Los Angeles Business Taxes and the enforcement of Article 1, Chapter 2 of the Los Angeles Municipal Code.

s/Walter C. Peterson

WALTER C. PETERSON, CITY CLERK

APPROVED:

ROGER ARNEBERGH, CITY ATTORNEY

By s/James A. Doherty

Assistant City Attorney

Date September 14, 1960