

**CITY OF LOS ANGELES**

**OFFICE OF FINANCE**

**TAX AND PERMIT DIVISION**

**CITY CLERK'S RULING NO. 14 (NEW SERIES):**

**PERSONS SELLING GOODS, WARES AND MERCHANDISE, WHO HAVE A  
FIXED PLACE OF BUSINESS IN LOS ANGELES**

Reference: Sections 21.166, 21.167 Los Angeles Municipal Code.

A person engaged in a business within the City of Los Angeles, subject to tax under the provision of Section 21.166 and/or 21.167, Los Angeles Municipal Code, who owns, leases, occupies or otherwise maintains within the City a place or premises upon which or from which the person engages in such business, shall be subject to tax as provided herein.

**SELLING ACTIVITIES CARRIED ON WITHIN AND WITHOUT THE CITY OF  
LOS ANGELES**

A person who owns, leases, occupies or otherwise maintains within the City a place or premises upon which, or from which the person engages in the business of selling goods, wares, and merchandise in the City and whose gross receipts from such sales are attributable to business activities carried on within the City and activities carried on outside the City, may apportion such gross receipts and include in the measure of tax those gross receipts directly attributable to activities carried on within the City.

In making a calculation of gross receipts to be reported as the measure of tax, the person may deduct from 100% of gross receipts the percentage of gross receipts deemed to be directly attributable to selling activities carried on by such person outside the City of Los Angeles. For the purposes of this calculation, the person may deduct, to the extent appropriate, but in no case in an amount greater than, the following percentages of those sales, or particular categories of sales, on which the corresponding elements of the selling process are performed at a place or location outside the City:

1. Up to **30%** for the location where the sale is negotiated or solicited by the taxpayer, through the physical presence of the taxpayer or the taxpayer's employees.
2. Up to **20%** for the sales office which serves as the base of operations for sales activities, or if there is no sales office which serves as a base of operations, the office from which the sales activities are directed or controlled.
3. Up to **10%** for the location where orders or contracts are accepted or approved. Such acceptance or approval shall be deemed to take place at the location of the office specified in item 2 above, unless there is clear and conclusive evidence that a binding acceptance or approval occurs elsewhere.
4. Up to **20%** for any facility, operated by the taxpayer, where the goods, wares or merchandise are stored immediately prior to shipment or delivery.
5. Up to **5%** for the location which gives the order for, or arranges for, the shipment or delivery of articles sold.
6. Up to **5%** for the place where billing procedures are performed.
7. Up to **5%** for the place where the collecting of receipts is performed.

8. Up to 5% for the place to which merchandise is delivered, by vehicles operated by the taxpayer.

**PROVISION FOR MODIFICATION OF APPORTIONMENT FORMULA**

Any person who believes that the percentage determined to be allowable as a deduction from gross receipts under the foregoing provisions of this ruling is less than the facts justify, may apply to the Office of Finance for a modification of the percentage. Such application shall be made in writing to the Office of Finance and shall be accompanied by a statement of facts supporting the basis for such modification. The Office of Finance shall make a determination on the basis of evidence presented, and such other evidence as the Office of Finance may have, may request from the taxpayer, or may discover from other sources. The Office of Finance shall increase, reduce, or allow to stand the percentage originally determined, depending on the facts. Should the Office of Finance be of the opinion that the percentage calculated to be allowable as a deduction from gross receipts under the foregoing provisions of this ruling is greater than the facts justify in any particular case, the Office of Finance shall make such investigation as is necessary to ascertain the facts and revise the percentage, if required. Any variation from the percentages provided for under this ruling shall be approved in writing by a Chief of the Tax and Permit Division.

I, Elias Martinez, CITY CLERK of the City of Los Angeles, pursuant to authority granted me in Section 21.15(h) of the Los Angeles Municipal Code, do hereby adopt and promulgate the foregoing rule and regulation pertaining to the collection of the Los Angeles Business Tax and the enforcement of the provisions of Article 1, Chapter 2 of the Los Angeles Municipal Code. I further declare that this ruling supersedes and replaces Office of Finance's Ruling No. 14 (New Series) as restated and adopted on June 30, 1972.

s/Elias Martinez

ELIAS MARTINEZ, CITY CLERK

APPROVED:

JAMES K. HAHN, CITY ATTORNEY

By s/Ronald Tuller

Assistant City Attorney

April 16, 1996