

**CITY OF LOS ANGELES  
OFFICE OF FINANCE  
TAX AND PERMIT DIVISION  
CITY CLERK 'S RULING NO. 15 (NEW SERIES):  
GROSS RECEIPTS ATTRIBUTABLE TO BUSINESS ENGAGED IN WITHIN CITY**

Reference: Section 21.190 Los Angeles Municipal Code.

**GENERAL STATEMENT**

Whenever a person is engaged in a business subject to tax under Section 21.190 L.A.M.C., only those receipts derived from or attributable to business engaged in within the City of Los Angeles shall be included in the measure of the tax. If the person engaged in such business owns, leases, occupies or otherwise maintains within the City a place or premises from which he performs work outside the City, a portion of the gross receipts from work performed outside the City shall be deemed to be gross receipts derived from or attributable to engaging in business in the City.

**RULING OF THE CITY CLERK**

It is the ruling of the CITY CLERK that any person engaging in a business subject to tax under Section 21.190 L.A.M.C. shall include in the measure of tax the total gross receipts from work performed within the City; and in addition thereto, if such person owns, leases, occupies or otherwise maintains within the City a place or premises from which he engages in business activities outside the City, he shall include a portion of the gross receipts from work performed outside the City in the measure of tax. In the absence of substantial information to the contrary, 20% of gross receipts from work performed outside the City shall be deemed to be that portion subject to tax as attributable to business engaged in within the City. In cases where it appears that a greater or lesser percentage of gross receipts from work performed outside the City is attributable to business engaged in within the City, the Office of Finance may:

1. Require the use of a greater percentage of such gross receipts, stating in writing to the taxpayer his reasons therefor; or
2. Approve the use of a lesser percentage of such gross receipts, based upon proof presented to him in writing by the taxpayer that the 20% factor is inequitable. Any such variation from the 20% factor established by this ruling shall be approved in writing by either the Chief or Assistant Chief of the Tax and Permit Division.

Where there are no measurable gross receipts directly attributable to operations carried on from a place of business within the City, it is the ruling of the Office of Finance that such operations shall be deemed to produce gross receipts in an amount at least equal to the cost of maintaining such operations. Such cost of operations shall include, but not be limited to, rent and/or depreciation, salaries and wages, fixed charges and other expenses.

The Office of Finance hereby states that this ruling is promulgated to carry into effect the provisions of Section 21.190(d) L.A.M.C., requiring the adoption of allocation formulae for the apportionment of gross receipts derived from or attributable to activities engaged in within and without the City of Los Angeles.

In settling any matters within the scope of this ruling for periods prior to the date of its promulgation, the Office of Finance shall be guided by the principles set forth in this ruling.

The Office of Finance declares that this ruling shall not apply to any person engaged in a business for which a specific method of allocation has been designated in a separate ruling or regulation adopted by the Office of Finance and approved by the City Attorney.

I, Rex E. Layton, CITY CLERK of the City of Los Angeles, pursuant to the 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 Los Angeles Business Taxes and the enforcement of Article 1, Chapter 2 of the Los Angeles Municipal Code.

s/Rex E. Layton

REX E. LAYTON, CITY CLERK

APPROVED:

ROGER ARNEBERGH, CITY ATTORNEY

By/Thomas C. Bonaventura

Assistant City Attorney

Date November 22, 1971