



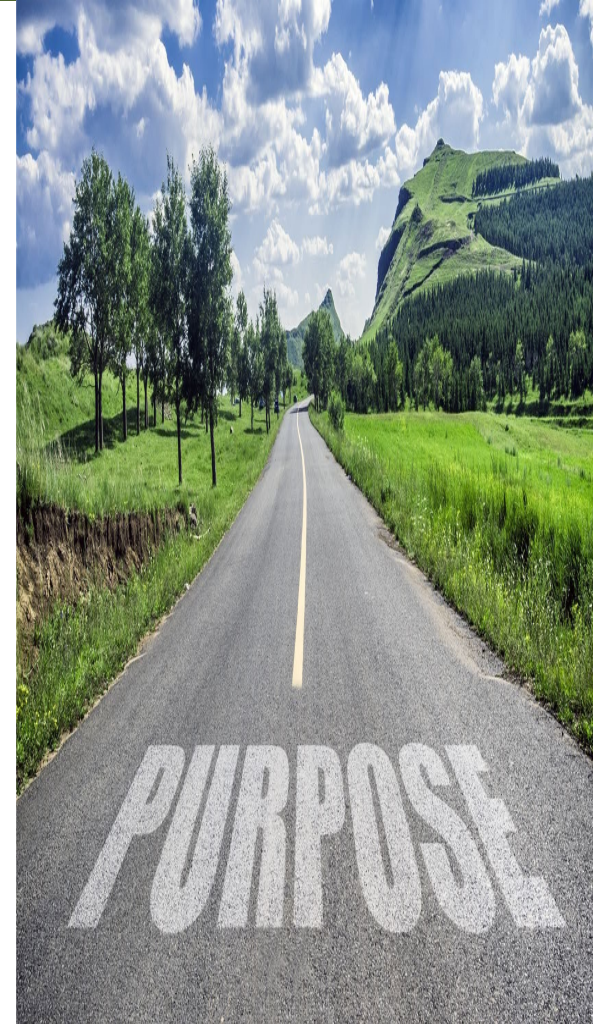
**BUSINESS TAX
IMPLEMENTATION
FOCUS GROUP**

SEPTEMBER 2023

www.cityofpaloalto.org/businessstax

FOCUS GROUP PURPOSE

- Learn about Palo Alto's business tax and resources for business tax payors
- Provide feedback to the City on how to support your company or organization to implement and file your business tax
- Provide feedback on business resources:
 - ✓ Administrative Regulations
 - ✓ Filing process and form



AGENDA



- Introductions and Focus Group Context
- Staff Overview of Business Tax and Resources to Assist Implementation
- Focus Group Questions and Feedback

BUSINESS TAX OVERVIEW

Tax Filing, Rate & Cap

Filing & Timing

- Continue existing BRC Program for all eligible businesses
- Tax imposed Jan 2023; filing and collection is due Jan 1, 2024
- First quarterly filing and collection is due April 1, 2024

Rate & Cap

- 3.75¢/sq ft monthly rate (first 24 months)
 - 7.5¢/sq ft monthly rate starting Jan 2025
- \$500,000 annual cap
- 2.5% annual CPI, beginning FY 2027
- 35-year sunset (ends 2058)

BUSINESS TAX OVERVIEW

Exemptions and Offsets

Exemptions

- Small businesses (1st 10,000 sq ft)
- Grocery Stores
- Transitory businesses (<90 days)
- Non-profit organizations
- Residential space
- Banks and financial institutions
- Some residential care or home care facilities



Offsets

- Hotel tax
- Certain sales tax paid by a business
 - Limited and only in rare cases
 - 2:1, up to 75%
- Vacant space

RESOURCES FOR BUSINESSES

- [Business Tax Resource Guide](#)
- Business Tax Calculator
- Administrative Regulations [draft](#)
 - Exemptions, offsets, reporting and payments
 - Reporting, payment, penalties and record retention
- Quarterly filing form [draft](#)
- Convenient filing options – *phone, email, online*
- Virtual Consultations – [open now!](#)

QUESTIONS & FEEDBACK

- What clarifying questions, if any, do you have for staff?
- What services can the City provide to support your company or organization to implement and file your business tax?
- What do you and your organization or group think about the business resources provided:
 - ✓ Administrative Regulations?
 - ✓ Quarterly filing form?



QUESTIONS & FEEDBACK

- What are your thoughts about how the Administrative Regulations are structured and detailed, regarding:
 - ✓ Chapter 2: Exempt Businesses (p. 6)?
 - ✓ Chapter 3: Payments and Reporting (p. 8-10)
 - ✓ Chapter 4: Tax Offsets (p. 11-13)
- What are your thoughts about how the Quarterly Filing Form is structured?
- Interest participating in upcoming Focus Group sessions, in Jan 2024, to provide feedback before the April 1 quarterly filing?



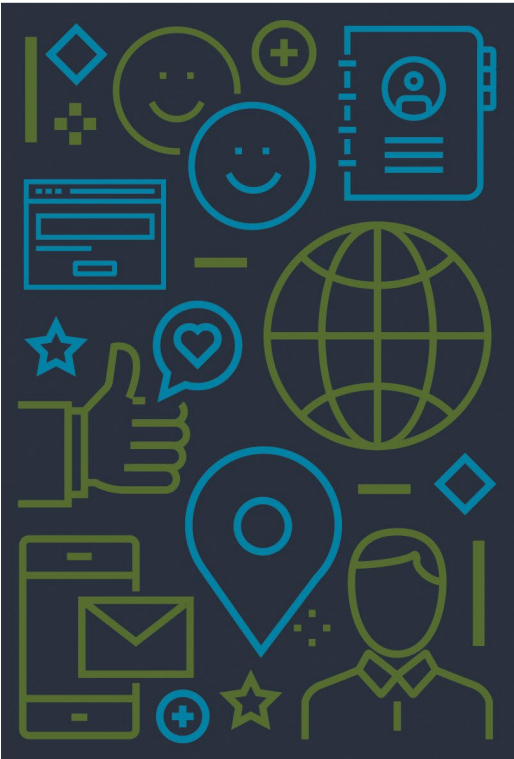
QUESTIONS & FEEDBACK

- Is there anything else you would like to add about . . .
 - ✓ What would assist your organization with filing and payment of the business tax?
 - ✓ Resources provided on the City's webpage, www.cityofpaloalto.org/businessstax?
 - ✓ The structure and content of the Administrative Regulations and Quarterly Filing Form?





CONTACT US



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