

**Q: Which years' Gross Receipts/Rents are used as the tax bases for each renewal?**

A business will pay tax for their first and second year renewals based on actual Gross Receipts/Rents generated for those years. For the third year and all subsequent years thereafter, tax will be based on Gross Receipts/Rents generated in the prior year.

<u>Year</u>	<u>Gross Receipts( GR)/Rents Generated</u>
Year 1 of business operation	GR Based on actual
Year 2 of business operation	GR Based on actual
Year 3 of business operation	GR Based upon prior actual GR

Below is an example for a business that started in 2020. They generated the following Gross Receipts/Rents for 2020, 2021 and 2022:

<u>Year</u>	<u>Gross Receipts/Rents Generated</u>
2020	\$ 100,000.00
2021	\$ 200,000.00
2022	\$ 300,000.00

- 2020 (first year) will be taxed on their actual Gross Receipts/Rents generated, which were \$100,000
- 2021 (second year) will also be taxed on their actual Gross Receipts/Rents generated, which were \$200,000
- 2022 (third year) will be taxed on the prior year's Gross Receipts/Rents generated, which was \$200,000
- **All subsequent years thereafter will also be taxed on each prior year's Gross Receipts/Rents generated.**
- 2023 (Fourth year) will be taxed on the prior year's Gross Receipts/Rents generated, which was \$300,000

*Please note: Business Tax payment applies to current year's generated gross receipts. If estimated gross receipts from the prior year are lower or higher than the actual gross receipts, the taxpayer will be required to adjust business tax payment.*

*Each payment of Business Taxes applies to the current year's license renewal, not the prior year's license. For example, a payment made on or before March 1<sup>st</sup>, 2024 is recognized as a renewal for its 2024 license.*