

CITY OF OAKLAND  
OFFICE OF FINANCE  
REVENUE DIVISION  
DIRECTOR OF FINANCE RULING NO. 10

APPORTIONMENT OF GROSS RECEIPTS FOR CLASSIFICATION OF  
RETAILERS, GROCERS, AUTO DEALERS, WHOLESALERS,  
MANUFACTURERS, CANNABIS RELATED BUSINESSES

Reference: Section 5.04.290, 5.04.300, 5.04.310, 5.04.320, 5.04.390, 5.04.480, 5.04.81, and 5.04.570 of the Oakland Municipal Code (OMC).

**PURPOSE**

This amendment clarifies application of the established apportionment guidelines set forth in Finance Ruling No. 10 to cannabis businesses. These apportionment guidelines may be used to adjust your tax base for persons engaged in business activity within the City of Oakland as a retailer, grocer, auto dealer, wholesaler, manufacturer, and cannabis business.

**BACKGROUND**

The Business Tax provisions of the Oakland Municipal Code address the issue of apportionment of the measure of the tax in broad (general) terms as it relates to taxpayer's selling and related processing activities that occur within the City. The ruling herein promulgated provides specific apportionment criteria to be used by the City of Oakland staff and the taxpayer in determining the percentage of gross receipts to be used as a tax base.

**RULING OF THE DIRECTOR OF FINANCE**

All persons, whether or not they own, lease, occupy or otherwise maintain within or outside the City of Oakland a place or premise upon or from which they engage in business, shall nevertheless be deemed to be engaged in business within the City of Oakland when through the physical or virtual presence of themselves, their employees, representative, agents, equipment, or through use of electronic devices, including but not limited to, telephone, teletype, computer online internet or other forms of virtual or electronic transmission, and or by any other means at their disposal, carries on activities within the City of Oakland which are designed to negotiate, solicit, initiate, promote, activate, stimulate or otherwise encourage the sale of goods, wares or merchandise.

The following guidelines shall be used to determine the percentage of gross receipts to be used for the tax base:

1. Up to 15% of those gross receipts negotiated, solicited, initiated, promoted, activated or stimulated when the buyer is within the City of Oakland for the benefit of the parties or location within the City of Oakland.
2. Up to 15% of those gross receipts negotiated, solicited, initiated, promoted or activated when the seller is within the City of Oakland for the benefit of either

party or location within the City of Oakland.

3. Up to 30% of those gross receipts if deliveries are to customers located within the City of Oakland whether delivery, shipment or pickup is made to points within or outside the City of Oakland, regardless of f.o.b. point, other conditions of sale, or method of delivery.
4. Up to 20% of those gross receipts if merchandise is shipped from within the City of Oakland.
5. Up to 5% of those gross receipts if billing data is generated within the City of Oakland.
6. Up to 5% of those gross receipts if billing invoice or statement is processed within the City of Oakland.
7. Up to 5% of those gross receipts if funds are collected or received within the City of Oakland.
8. Up to 5% of those gross receipts if updating or posting to account is performed within the City of Oakland.

#### APPORTIONMENT TABLE

REF	Rate	Description
<b>SALES</b>		
1	Up to 15%	When the Buyer is located in Oakland
2	Up to 15%	When the Seller is located in Oakland
<b>PRODUCT DELIVERY</b>		
3	Up to 30%	If product is delivered in Oakland
4	Up to 20%	If product is shipped from Oakland
<b>ACCOUNT PROCESSING</b>		
5	Up to 5%	Billing data is generated from Oakland
6	Up to 5%	Billing invoice or statement is printed or processed in Oakland
7	Up to 5%	Funds are collected or deposited in Oakland
8	Up to 5%	Accounts are updated or posted in Oakland
Total not to exceed 100%		

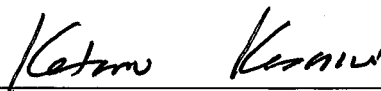
**PROVISION FOR MODIFICATION OF  
APPORTIONMENT FORMULA**

Any person, who believes that the percentage of gross receipts determined to be subject to tax under the foregoing provisions of this ruling is greater than the facts justify, may apply to the Director of Finance for modification of the percentage. Such application shall be made in writing to the Director of Finance and shall be accompanied by a statement of facts supporting the basis for such modification. The Director of Finance shall make his determination on the basis of evidence presented to him and select other evidence as he may have, may request from the taxpayer, or may discover from other sources. The Director of Finance shall increase, reduce, or allow to stand the percentage originally determined, depending on the facts.

According to OMC Section 5.04.570 (B) it is your obligation to request in writing for an adjustment of the tax base. Failure to do so within one year of payment shall be deemed to have waived your right to an adjustment. Therefore if you check the apportionment box on the declaration form you will have met the requirement. If material differences are found between your adjusted gross receipts and the results of an audit, penalty and interest will apply. Prepare and attach your apportionment worksheet to your annual Business Tax Declaration.

Should the Director of Finance be of the opinion that the percentage of gross receipts determined to be subject to tax under the foregoing provisions of this ruling is less than the facts justify in any particular case, he 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 the Director of Finance.



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Katano Kasaine  
Director, Finance Department

November 2, 2017