

CITY OF OAKLAND  
OFFICE OF FINANCE  
REVENUE DIVISION

DIRECTOR OF FINANCE RULING NO. 11

COMMISSION MERCHANTS, COMMISSION BROKERS, COMMISSION AGENTS  
DEALING IN TANGIBLE PERSONAL PROPERTY

Reference: Section 5-1.29(c) of the Oakland Municipal Code.

Purpose

Defines and provides the method of taxation for Commission Merchants, Commission Brokers and Commission Agents.

RULING OF THE DIRECTOR OF FINANCE

The term "Commission Merchant," "Broker," or "Agent"

- (a) Shall include every person who for a fee, commission charge or other compensation of any character, engages in the occupation of bringing buyers and sellers together in order that buyers and sellers may negotiate, or who negotiate or arrange terms and conditions for buyers and sellers, for the purpose of effecting the sale of tangible personal property, or
- (b) In certain categories of personal property, principally those of bulk commodities such as agricultural products, minerals, metals, etc., persons engaged as above, for the convenience of their clients or in the custom of the particular trade in which they are engaged, may, for short periods of time, take actual title to commodities and for short periods of time before, during or after transit, store or warehouse the commodities. In such cases they do not themselves do, or cause to have done, any manufacturing, refining, fabricating, milling, treating or other processing of the commodities subsequent to the time they take title; or
- (c) In addition to the foregoing activities, some brokers and agents buy and sell commodities for their own account, with their profit or loss as the case may be, dependent upon the difference in the prices at which the commodities are bought and sold.

The following shall apply:

Where a commission merchant, broker or agent engages in business only as described in (a) above, the measure of the tax is the gross amount of fees, commissions or other

compensation received; where a commission merchant, broker or agent engages in business as described in both (a) and (b) above, the measure of the tax is the gross amount of fees, commissions or other compensation earned in transactions where no title to property is taken, plus the gross trading profits, without any deduction for trading losses, from transactions in which title to property is taken but in which title is not held, or the property if not warehoused or stored, in any particular transaction for a period longer than 48 hours, exclusive of transit.

Where as described in (c) above, a commission merchant, broker or agent buys and sells personal properties for his own account or, where a commission merchant, broker or agent takes title to personal property but where the property is held, including storage or warehousing, exclusive of actual transit, for a period longer than 48 hours in any particular transaction. Separate tax or taxes under Section 5-1.23, and/or 5-1.26 according to whether the sales are made at wholesale or retail, or both, shall be required to be paid with the tax measured by the gross receipts of the sales. Demurrage in transportation is deemed to be shortage.

Commission Merchants, Brokers or Agents Located Outside the City. Agents Located Outside the City. A commission merchant, broker or agent who has his established place of business located outside the City, but who solicits or engages in transactions in the City, as described in (a) or both (a) and (b) above, is subject to the provisions of Section 5-1.29 with the tax measured by the fees, charges, commissions or other compensation from transactions as described in (a), plus gross trading profits earned as described in (b), attributable to activities carried on within the City. Where any out-of-City commission merchant, broker or agent engages in transactions as described in (c) above, the provision of Business Tax Ruling pertaining to the apportionment for retailer and wholesaler shall apply.