

CITY OF OAKLAND
OFFICE OF FINANCE
REVENUE DIVISION
DIRECTOR OF FINANCE RULING NO. 14
SUBLEASE OR REAL PROPERTY

Reference: Section 5-1.37 and 5-1.38 of the Oakland Municipal Code.

Purpose

To clarify the City's policy as it relates to the classification and taxation of a person engaged in the leasing and or subleasing of real property.

BACKGROUND

The issue of whether a person who leases and then subleases real property, although not the owner of said real property, is subject to taxation under the Business Tax provisions of the Oakland Municipal Code, has come before the Board of Review on several occasions. This ruling is promulgated herein to reflect the decisions of the Board regarding this matter.

RULING OF THE DIRECTOR OF FINANCE

Sections 5-1.37 and 5-1.38 of the Oakland Municipal Code provide for taxation of persons renting residential and commercial property, respectively. Section 5-1.02(e) of the Oakland Municipal Code defines Person to include an assignee. A lessor or tenant who subleases real property assigns all or part of his leasehold rights to the assignee.

Therefore, every person who leases or subleases part or all of their leasehold interest in real property is subject to tax and is to be classified and taxed within the meaning of Sections 5-1.37 and/or 5-1.38, Oakland Municipal Code.