

ANTOINETTE CHRISTOVALE
DIRECTOR of FINANCE
CITY TREASURER

CITY OF LOS ANGELES
CALIFORNIA



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RE: City of Los Angeles Business Tax Exemption for Financial Institutions
Business Address: **Los Angeles, CA 90067**

Our office has received your application for exemption from City of Los Angeles business tax. To qualify for exemption as a financial institution your organization must meet **each** of the following criteria:

1. **The company should pay the in-lieu tax on the California Franchise or Income tax return.**
2. **More than 50% of the company's gross income must come from dealing in money or moneyed capital in substantial competition with the business of national banks.**
3. **The company must be conducting business on its own account and not as an agent for another.**
4. **Money includes cash and most credit documents (i.e. accounts receivable, installment notes, credit cards). The taxpayer must be dealing in this or similar items.**
5. **"In competition" does not include all activities of a national bank or the affiliates and subsidiaries of the bank. The regulation states that competition exists when there is investment in business transactions of the same class as a national bank. This will predominantly be in the form of loans or commercial paper such as mortgages or conditional sales contracts. The qualifying activity must involve dealing in money or financing in direct competition with national banks.**

If you believe your organization meets all the criteria listed above, please provide supporting documents and narrative referencing the appropriate detail for each of the five criteria.

If the organization has been engaged in business within the City of Los Angeles during the past 36 months, please provide supporting documents and narrative, which qualify the organization for exemption from business tax for each individual calendar year.

Among the documents needed to support exemption from business tax are the following:

- A. Proof that you are required to pay higher "in-lieu Tax" to the California Franchise Tax Board
- B. California Corporation Franchise or Income Tax Returns
- C. Income statements showing the breakdown of gross receipts by income items
- D. Balance Sheets
- E. Proof that you are dealing with your own funds and not brokering the capital of others

The clarity of your narrative referencing specific documentation for each criterion will assist in expediting the review process. Until such time as an exemption is granted, please be aware that you may be subject to the City of Los Angeles business tax, including penalty and interest that may accrue.

Please mail in your application and substantiating documentation to Office of Finance, 200 N. Spring Street. Rm. 101, Los Angeles, California 90012.