

Gross Receipts Tax: What Makes Them Special



SALES TAX
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On-Demand Webinar



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General Concepts

Gross Receipts Taxes

- Gross Receipts Tax is generally levied and assessed against the seller based on the gross proceeds of all sales of tangible personal property and/or services.
- There are various types of gross receipts taxes imposed by different levels of government authorities.
- In some cases, the gross receipts taxes are in lieu of a sales or income tax and in others they are in addition to the sales or income tax.

Gross Receipts Nexus

- Nexus for gross receipts is more like nexus for sales tax.
- No P.L. 86-272 protection
- State-level gross receipts have used an economic nexus test since long before the *Wayfair* decision.
- Local gross receipts taxes, which are more often linked to a business license, historically have required physical presence.

Privilege Tax

- The privilege tax is imposed for the privilege of engaging in business in the jurisdiction.
- The seller is liable for the tax measured by their taxable sales. If the seller fails to add the tax to the purchaser's invoice, the seller remains liable.
- Key features:
 - Some states may or may not require the tax to be shifted to the purchaser.
 - Some states may allow the tax to be absorbed by the seller.
 - The tax is typically not required to be separately stated.

Consumer Tax

- Upon each sale at retail, a consumer tax is imposed as a percentage of the selling price, collected by the seller from the consumer.
- The purchaser is liable for the tax. If the seller fails to add the tax to the purchaser's invoice, the purchaser remains liable.
- Key features:
 - The tax is shifted to the consumer.
 - The seller may not absorb the tax.
 - The tax is typically required to be separately stated.

Transaction Tax

- The transaction tax is imposed upon each transaction at retail as a percentage of the sales price to be collected by the seller from the purchaser.
- The purchaser is liable for the tax. If the seller fails to add the tax to the purchaser's invoice, the purchaser and the seller remain jointly liable.
- Key features:
 - The tax is shifted to the consumer.
 - The seller may not absorb the tax.
 - The tax is typically required to be separately stated.

Gross Receipts / Sales Tax

- The imposition of a “gross receipts/sales” tax borrows its concepts almost entirely from the imposition section of the privilege tax.
- The seller is liable for the tax. If the seller fails to add the tax to the purchaser’s invoice, the seller remains liable.
- Key features:
 - The tax is not required to be shifted to the consumer.
 - The seller may absorb the tax.
 - The tax is not required to be separately stated.

Gross Receipts / Franchise Tax

- The imposition of a “gross receipts/franchise” tax borrows its concepts from both the imposition of a privilege tax and an income tax.
- It is similar to the privilege tax in that the seller is liable for the tax. However, it’s also like an income tax because the tax is not added to the purchaser’s invoice.
- Key features:
 - The tax may not be shifted to the consumer as a tax.
 - The tax is not separately stated.



Business & Occupation Taxes (B&O)

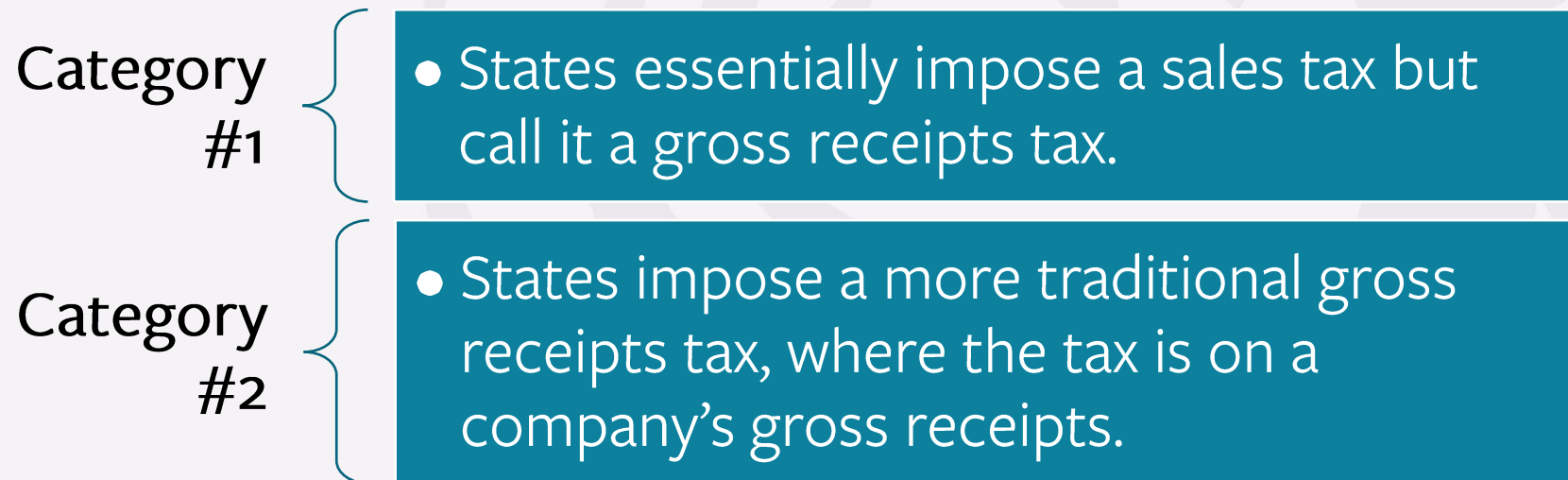
- The imposition of B&O taxes is typically on all transactions. This allows a larger tax base which might otherwise have been exempt from sales and use taxes.
- The seller is liable for the tax, though it may be passed on to the consumer if negotiated and disclosed as an element of the final price.
- Key features:
 - The tax is not typically shifted to the consumer.
 - The tax is not required to be separately stated unless negotiated as an element of the final price.



States That Impose Gross Receipts Taxes

States That Impose Gross Receipts Taxes

- Generally speaking, there are two different categories of states that impose gross receipts taxes.



Category #1 States – “Sales Tax”

- In these states, the gross receipts tax is essentially a sales tax.
- The seller is liable for the tax and generally presents it on the invoice to pass the tax on to the customer.
- However, unlike a sales tax, gross receipts taxes apply to generally all sales including services.
- In these states, you typically have very few exemptions and deductions.
- Category #1 states are Hawaii and New Mexico



➤ Hawaii General Excise Tax

Hawaii General Excise Tax (“GET”)

- The general excise tax law taxes persons (individuals, corporations, partnerships, or other entities) on the gross receipts or gross income they derive from their business activities in the state.
- This tax is often referred to as a “sales tax.” The general excise tax, however, is not a sales tax and differs from a sales tax in a number of ways.

Hawaii General Excise Tax (cont.)

- The general excise tax is levied on the person conducting the business, unlike sales tax, which is levied on the consumer.
- A common practice is to separately state and visibly pass on to the customer an amount representing the cost of the business's general excise tax liability.
 - If a business adopts this practice, the amount passed on as tax must be included in the business' gross income subject to the tax.
 - A business is not required to separately state an amount of the sales price representing a general excise tax pass-on.

Hawaii General Excise Tax (cont.)

- The general excise tax is levied on gross income at all levels of business activity unless specifically exempted by law.
- The tax applies not only to sales of goods and services but also to “virtually every economic activity” not otherwise exempt.
- Since the general excise tax is levied on the business rather than the customer, the gross income a business receives from transactions with tax-exempt customers, such as nonprofit organizations and government agencies, is subject to the general excise tax.

Hawaii General Excise Tax (cont.)

- Out-of-state businesses as well as businesses located in Hawaii are subject to the general excise tax on activities in the state or sources within Hawaii.
- Hawaii imposes general excise tax at 3 different tax rates:
 - 4% is generally the retail rate.
 - 0.5% is generally the wholesale or manufacturer's rate.
 - 0.15% generally applies to insurance producers.



Hawaii General Excise Tax (cont.)

- Sales to tax-exempt customers are generally subject to GET. There are no GET exemptions based on a customer's tax-exempt status.
- Hawaii does not issue tax exemption certificates to tax-exempt organizations, government agencies, or credit unions to exempt their purchases from Hawaii businesses.
- Even though many nonprofit and religious organizations like universities and churches are exempt from federal and state income taxes, they are not exempt from the GET.
- A business may charge GET to a tax-exempt organization when the organization makes purchases from the business.
- Sales to (federal, state, and county) government agencies including the military and credit unions are also generally taxable;
- Sales to the federal government or a credit union are exempt and the business may claim a deduction.



New Mexico Gross Receipts Tax



New Mexico Gross Receipts Tax

- The gross receipts tax is a tax on persons engaged in business in New Mexico for the privilege of doing business in New Mexico.
- Since the gross receipts tax is levied on the seller, not the customer, the customer's exempt tax status does not affect the seller's tax liability on the gross receipts.
- A business must pay general excise taxes on the gross receipts it derives from contracts with the U.S. Government.

New Mexico Gross Receipts Tax (cont.)

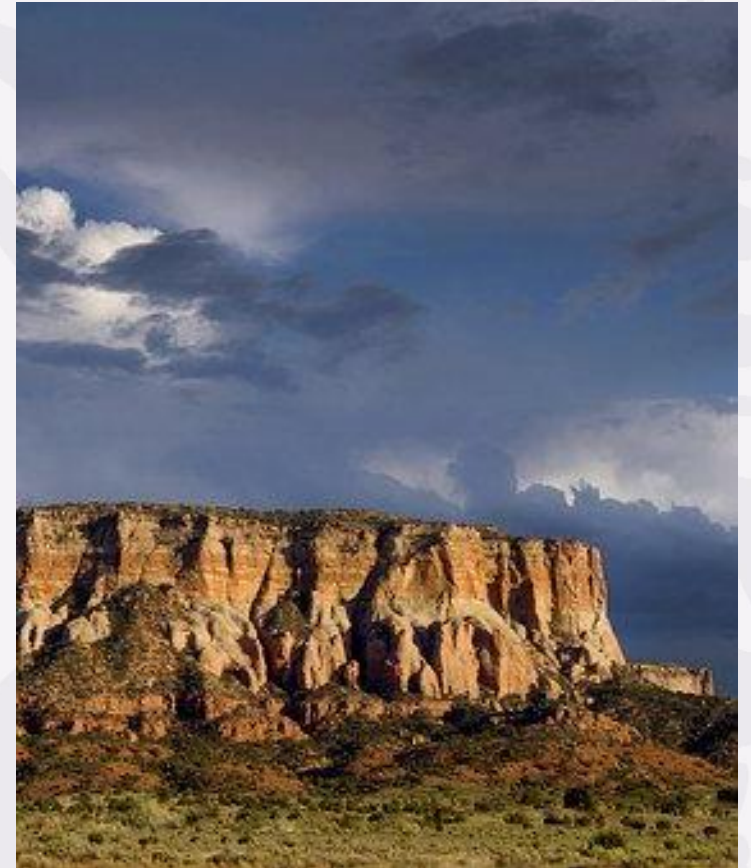
- The gross receipts tax rate and the compensating (use) tax rate for tangible personal property is 4.875%.
 - This does not include the local option gross receipts taxes imposed by counties and municipalities
- The tax is imposed on the gross receipts of persons who:
 - Sell property in New Mexico
 - Lease or license property employed in New Mexico
 - Perform services in New Mexico
 - Perform services outside New Mexico with the product initially used in New Mexico
 - Sell research and development services performed outside New Mexico; the product of which is initially used in New Mexico

New Mexico Gross Receipts Tax (cont.)

- “Gross receipts” is the total amount of money or other consideration received from
 - Sales of tangible personal property handled on consignment
 - Commissions received by non-employee agents
 - Amounts paid by members of any cooperative association
 - Amounts received by persons providing telephone or telegraph services
 - Fees received by persons for serving as disclosed agents for another

New Mexico Gross Receipts Tax (cont.)

- The gross receipts tax and compensating (use) tax apply to all services performed in New Mexico, unless a specific exemption or deduction applies.
- When a contractor performs services both inside and outside New Mexico, only the portion of the receipts allocable to services provided in New Mexico are taxable.



New Mexico Gross Receipts Tax (cont.)

- Gross receipts are taxable, exempt, or deductible. If your receipts do not fall under any exemption or deduction, those receipts are taxable.
- Gross receipts do not include:
 - Tax
 - Cash discounts allowed and taken
 - Gross receipts or sales tax imposed by an Indian nation, tribe or pueblo if the Indian nation, tribe or pueblo has a similar exclusion for New Mexico gross receipts tax
 - Any type of time-price differential (i.e. interest)
 - Amounts received solely on behalf of another in a disclosed agency capacity

New Mexico Gross Receipts Tax (cont.)

- The following is a non-inclusive list of exemptions for gross receipts tax:
 - Agricultural products and services
 - Charitable organizations
 - Interstate telecommunications
 - Isolated or occasional sales
 - Motor vehicles
 - Natural gas
 - Oil
 - Religious, charitable and social organizations
 - Research and development
 - Rental of property used out of state
 - Timber and minerals

New Mexico To Introduce Deductions for Healthcare, Electricity, and More Effective July 1, 2024

- New Mexico has enacted legislation to provide new deductions from the state's gross receipts tax for various industries, with most coming into effect July 1, 2024, and remaining in effect until July 1, 2034. The new deductions include:
 - Sales of wind and solar generation and energy storage equipment to governments
 - The purchase and installation of home renovation such as ramps and hand rails for those on Medicaid
 - Childcare assistance provided through a licensed childcare assistance program or a for-profit pre-kindergarten provider
 - Legal services for those seeking compensation under the federal Hermit's Peak/Calf Canyon Fire Assistance Act
- Effective July 1, 2025, the state is also introducing a deduction for geothermal electricity generation facility costs.
- (New Mexico H.B. 252, Laws 2024)

New Mexico Provides Gross Receipts Regulations for Digital Advertising

- New Mexico has recently clarified rules regarding the application of the gross receipts tax to digital advertising services on websites accessible within the state.
- These rules, effective as of the December 2023 publication, specify that the gross receipts tax now extends to digital advertising on platforms like search engines and banner ads.
- This clarification treats digital advertising similarly to other forms of advertising already subject to the gross receipts tax, such as print, billboard, radio, and television ads.
- It's worth noting that these regulations do not expand the scope of the existing law; they simply provide clarity on how it applies to the digital realm.
- (3.1.4.13C(5)(e)(v) NMAC, December 19, 2023)

Category #2 States – Traditional Gross Receipts

- In these states, the gross receipts tax blends income tax and sales tax features.
- These states are more of a traditional gross receipts tax in that the tax is on the gross receipts.
- The tax is not collected from the customer.
- These all have distinct threshold, tax base, calculation, and exemption rules.
- There are no deductions.
- Category #2 states are Nevada, Washington, Ohio, Oregon and Texas.



Nevada Commerce Tax



Nevada Commerce Tax

- The Nevada Commerce Tax is imposed on partnerships, limited liability companies, limited liability partnerships, C corporations, S corporations, trusts, and individual taxpayers engaged in business (IRS 1040 Schedule C filers).
- The tax is imposed in lieu of corporate income tax.
- The Commerce Tax applies to gross revenue over \$4 million of Nevada income in the fiscal year.

Nevada Commerce Tax (cont.)

- The tax is equal to the amount obtained by subtracting \$4 million from the business entity's Nevada gross revenue for the taxable year and multiplying that amount by the applicable rate.
- The commerce tax rates vary (ranging from 0.051% to 0.331%), depending on the industry in which the entity is primarily engaged.



Nevada Commerce Tax (cont.)

- “Gross revenue” means the total amount realized by a business entity from engaging in a business in Nevada, without deduction for the cost of goods sold or other expenses incurred, that contributes to the production of gross income, including, without limitation, the fair market value of any property and any services received, and any debt transferred or forgiven as consideration.

Nevada Commerce Tax (cont.)

- The Commerce Tax is collected annually.
 - The Commerce Tax year is July 1- June 30, regardless of the fiscal year of the taxpayer.
 - The return is due 45 days from the end of the reporting year (generally, August 14).
- Gross revenue related to the sale, lease, or royalties of tangible personal property is situated to Nevada if the property is sold to a consumer who is located in Nevada whether it is shipped, delivered into Nevada, or purchased at a physical location in Nevada.

➤ Ohio CAT



Ohio CAT

- Ohio imposes a Commercial Activity Tax (CAT)
- The CAT is an annual privilege tax measured by gross receipts on business activities in this state.

Ohio CAT (cont.)

- Gross receipts subject to CAT are broadly defined to include most business types of receipts from the sale of property or realized in the performance of a service.
- The following are some examples of receipts that are not subject to the CAT:
 - Interest (other than from credit sales)
 - Dividends
 - Capital gains
 - Wages reported on a W-2
 - Gifts

Ohio CAT (cont.)

- The CAT applies to all types of businesses: e.g., retailers, service providers (such as lawyers, accountants, and doctors), manufacturers, and other business types.
- The CAT applies to all entities regardless of form, (e.g., sole proprietorships, partnerships, LLCs, and all types of corporations).



Ohio CAT (cont.)

- For tax periods prior to 2024, a person with taxable gross receipts of more than \$150,000 per calendar year is subject to the CAT.
- For remote taxpayers prior to 2024, registration was required if they had more than \$500,000 of Ohio gross receipts.
- For tax periods prior to 2024, all CAT taxpayers paid an Annual Minimum Tax (AMT) of \$150 which was due with calendar year taxpayers' annual returns and with quarterly taxpayers' first quarter returns, due on or before May 10th of each year.
- See the next slides for updates effective January 1, 2024.

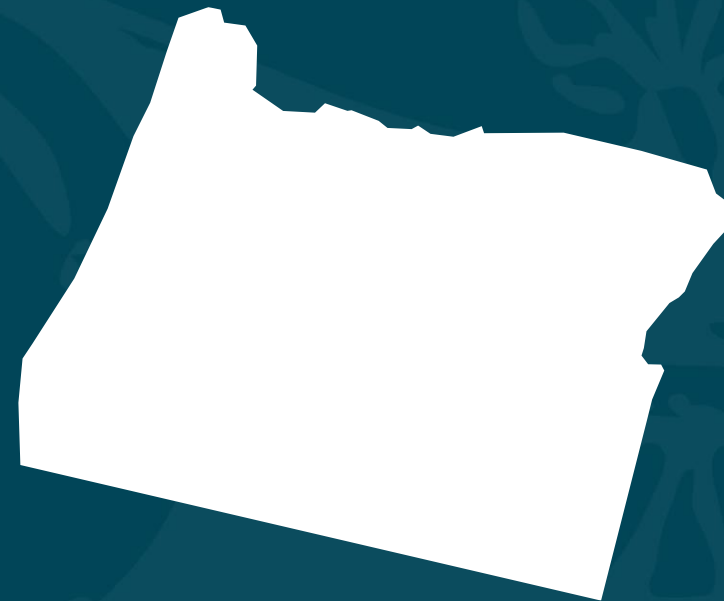
Ohio Provides Guidance for Taxpayers on CAT Changes

- Effective January 1st, 2024, major changes to the reporting requirements for Ohio's Commercial Activities Tax (CAT) came into effect. Under the updates, the thresholds for reporting and tax liability will be:
 - Effective January 1, 2024, and for all periods after, the CAT annual minimum tax will be eliminated.
 - For calendar year 2024, the exclusion amount is increased from \$1 million to \$3 million.
 - For calendar year 2025 and onward, the exclusion amount is increased to \$6 million.
 - For calendar years 2024 and onward, taxpayers with taxable gross receipts below the annual exclusion amount will not be required to register with the department or file returns.

Ohio Provides Guidance for Taxpayers on CAT Changes

- The updates to the law maintain the tax rate of 0.26% and eliminate the annual filing requirement.
- Consolidated and combined groups should calculate the filing threshold based on the taxable gross receipts of all members.
- Annual filing thresholds and minimum tax remain in effect for periods before January 1, 2024.
- Taxpayers who are no longer required to file the CAT in 2024 should cancel their existing accounts with an effective date of December 31, 2023. Accounts may be canceled online with an effective date up to one year in the future or may be backdated to the last date of their final return.
- (Commercial Activity Tax – Information Release CAT 2023-01 – Commercial Activity Tax: Changes to the CAT Exclusion and Annual Minimum Tax, 08/21/2023)

➤ Oregon CAT



Oregon CAT

- Effective January 1, 2020, Oregon enacted legislation that imposes a Corporate Activity Tax (CAT) on certain businesses.
- The legislation imposes on businesses a flat \$250 tax plus a 0.57% tax on Oregon gross receipts over \$1 million.
- The tax is not owed if the business's taxable commercial activity does not exceed \$1 million.



Oregon CAT (cont.)

- The CAT is an annual privilege tax for the calendar year. Annual CAT returns are due on or before the 15th day of the fourth month following the end of your tax year.
- For tax years 2021 and forward, taxpayers expecting \$5,000 or more of CAT liability must make estimated payments.
 - Generally, estimated payments are due for the previous quarter on or before the last day of the fourth, seventh, and 10th month of the tax year, and on the last day of the first month immediately following the end of the tax year.

Oregon CAT (cont.)

- A taxpayer can subtract from commercial activity sourced to Oregon 35% of the greater of the following amounts paid or incurred by the taxpayer in the tax year:
 - The amount of cost inputs; or
 - The taxpayer's labor costs

Oregon CAT (cont.)

- Any person, business or unitary group of businesses doing business in Oregon may have CAT obligations – including C and S corps, partnerships, sole proprietorships, and other business entities.
- Certain types of organizations and items are excluded from the CAT.
- Exempt entities include but are not limited to nonprofit organizations, certain farmers' cooperatives, federal, state, and local government entities, and hospitals.
- Some items excluded from CAT are receipts from motor fuel sales, receipts from wholesale/retail sales of groceries, and certain income items such as dividend or specific types of interest income.

Oregon CAT (cont.)

Oregon set four thresholds with corresponding CAT responsibilities based on a business' commercial activity levels.

Threshold	Amount	Explanation
Excluded–No Requirement	Less than \$750,000	Business or unitary group with less than \$750,000 of Oregon commercial activity are excluded from all CAT requirements.
Registration Threshold	\$750,000+	Business or unitary group with Oregon commercial activity in excess of \$750,000 must register for the CAT.
Filing Threshold	\$1 Million	Business or unitary group with Oregon commercial activity of \$1 million must file a return.
Tax Payment Threshold	More than \$1 Million	Business or unitary group with taxable Oregon commercial activity in excess of \$1 million must file a return and pay tax.

Source: [Corporate Activity Tax FAQ](#), Oregon Department of Revenue

Oregon CAT (cont.)

- If your company has a CAT obligation, the registration process is separate from Oregon income tax.
- Once your company meets the \$750,000 registration threshold, you are required to register within 30 days.
- Failure to do so can result in a penalty of \$100 per month, up to \$1,000 per calendar year.



➤ Tennessee Business Tax

Tennessee Business Tax

- The Tennessee Business Tax is a tax based on business gross receipts.
- Tax is due annually on the 15th day of the fourth month after your fiscal year ends.
- Out of state businesses with substantial nexus in Tennessee (greater than \$100,000 in sales into Tennessee) are subject to the tax at the state level.
- In state businesses with gross receipts greater than \$3,000 but less than \$100,000 are subject to a minimal activity license from their county and/or municipality. A standard business license will apply if gross receipts exceed \$100,000.
- Special rules apply to construction contractors.
- Changes using the \$100,000 threshold apply to tax years ending on or after December 31, 2023.

Tennessee Business Tax (cont)

- Tax rates vary based on the business classification and whether the business is a retailer or a wholesaler.
- The Retail or Wholesale classification is based on a 50% threshold of total sales.
- Rates range from .0005 to .001875 for retailers and from .00025 to .000375 for wholesales.
- For class 4, 5A and 5B the rate doesn't vary based on business type and rates range from .0002 to .001.

Tennessee Business Tax (cont)

- Deductions from the Business Tax include cash discounts, trade-in amounts, payments to a licensed subcontractor, sales of services received outside the state and bad debt amounts as well as certain federal and state excise taxes.
- Certain entities are exempt from paying the tax including employees, manufacturers, religious and charitable entities selling donated items, direct-to-home satellite providers and movie theaters. Limited other exemptions may apply.



Texas Franchise Tax



Texas Franchise Tax

- Each taxable entity formed in Texas or doing business in Texas must file and pay franchise tax.
- The Franchise Tax is not imposed on:
 - Sole proprietorships (except single member LLCs)
 - General partnerships
 - Exempt entities
 - Certain unincorporated passive entities
 - And more



Texas Franchise Tax (cont.)

- Franchise tax is based on a taxable entity's margin. Unless a taxable entity qualifies and chooses to file using the EZ computation, the tax base is the taxable entity's margin and is computed in one of the following ways:
 - Total revenue times 70%;
 - Total revenue minus cost of goods sold (COGS);
 - Total revenue minus compensation; or
 - Total revenue minus \$1 million (effective Jan. 1, 2014).

Texas Franchise Tax (cont.)

- Total revenue is determined from revenue amounts reported for federal income tax minus statutory exclusions.
- Exclusions from revenue include:
 - Dividends and interest from federal obligations;
 - Schedule C dividends;
 - Foreign royalties and dividends under Internal Revenue Code Section 78 and Sections 951-964;
 - Certain flow-through funds; and
 - Other industry-specific exclusions.

Texas Franchise Tax (cont.)

- Franchise tax reports are due on May 15 each year.
- Franchise tax rates, thresholds and deduction limits vary by report year. For 2024 and 2025:
 - The No Tax Due Threshold is \$2,470,000
 - The tax rate for retail/wholesale is 0.375%
 - The tax rate (other than retail/wholesale) is 0.75%
 - The Compensation Deduction Limit is \$450,000



Texas Franchise Tax (cont.)

- E-Z Computation
 - For reports originally due on or after January 1, 2016, a taxable entity with annualized total revenue of \$20 million or less can elect to compute the franchise tax by multiplying total revenue by the apportionment factor and then multiplying the apportioned total revenue by a tax rate of 0.331%.
 - A taxable entity that elects to use the E-Z Computation is not eligible for the cost of goods sold (COGS), compensation or other margin deductions and may not claim any credit



Washington B&O Tax



Washington B&O Tax

- Washington imposes a Business & Occupation (B&O) Tax in lieu of a corporate income tax.
- The B&O tax is measured on the value of products, gross proceeds of sale, or gross income of the business. It is calculated on the gross income from activities.
- There are no deductions from the B&O tax for labor, materials, taxes, or other costs of doing business.

Washington B&O Tax (cont.)

- Washington has four basic categories on which its B&O tax applies: retailing, wholesaling, manufacturing, services and other activities.
- There are varying rates of tax depending on the B&O classification:
 - Retailing: 0.00471
 - Wholesaling: 0.00484
 - Manufacturing: 0.00484
 - Service and other activities: 0.015
 - There are a number of other rates, ranging from 0.0013 to 0.0330

Washington B&O Tax (cont.)

- Effective January 1, 2020, the economic nexus threshold for out-of-state businesses for Washington B&O tax and sales tax purposes is \$100,000 in cumulative gross receipts in Washington.
- The threshold for B&O tax prior to January 1, 2020 was more than \$285,000 in receipts from Washington, more than \$57,000 property or payroll in the state, or at least 25 percent of the person's total property, payroll, or total receipts in Washington.

Washington B&O Tax (cont.)

- Washington allows certain credits to be subtracted from the B&O Tax.
- The major B&O tax credits are:
 - High Technology B&O Tax Credit
 - Small Business B&O Tax Credit
 - Multiple Activities Tax Credit (MATC)



Washington B&O Tax (cont.)

- Small business exemptions – the small business credit varies by filing frequency and amount of B&O tax. There are two credit tables:
 - The Small Business Tax Credit [720] can be taken if taxable income was 50% or more reported under Service and Other Activities, Gambling Contests of Chance, For Profit Hospitals, and/or Scientific R&D *and* your total B&O tax liability for filing period beginning on or after 1/1/2023 is below: \$320 for monthly taxpayers; \$960 for quarterly taxpayers; or \$3840 for annual taxpayers.
 - The Small Business Tax Credit [815] can be taken if taxable income was less than 50% reported under Service and Other Activities, Gambling Contests of Chance, For Profit Hospitals, and/or Scientific R&D *and* your total B&O tax liability for filing period beginning on or after 1/1/2023 is below: \$110 for monthly taxpayers; \$330 for quarterly taxpayers; or \$1320 for annual taxpayers.

Washington B&O Tax (cont.)

- The B&O tax is reported and paid on the excise tax return or by electronic filing.
- Monthly returns are due on 25th of the following month. Quarterly returns are due by the end of the month following the close of the quarter. The due date for annual returns is April 15th.
- Remote sellers particularly those filing through SST CSP should confirm the B&O tax is filed.
- Note that many Washington cities have had local B&O taxes for years.

Washington State Grants Tax Exemption to Publishing Industry Leaders

- Starting January 1, 2024, certain businesses in Washington engaged mainly in printing or publishing newspapers or eligible digital content are exempt from the B&O tax.
- Such businesses were previously subject to the B&O tax at a rate of 0.484%.
- This exemption applies if more than half of their global income comes from these activities.
- However, the exemption will be reduced by any expenditures during a reporting period, and those expenditures will be taxed based on associated business activities.
- To claim the exemption, businesses need to electronically file an Annual Tax Performance report by May 31st for each year they claim the exemption. Failure to file this report will result in a reduction of the claimed exemption by 35% initially and 50% for subsequent years of non-compliance.
- The legislation enabling this exemption is set to expire on January 1, 2034.
- (Special Notice, Washington Department of Revenue, December 1, 2023)

Washington Affirms B&O Tax Assessment Based On Business Activities of Out of State Taxpayer

- A Washington appellate panel found in favor of the Washington DOR for a B&O tax assessment.
- At issue was what constitutes the “business activities” in Washington of appellant Citibank.
- Citibank had no physical presence based on employees, property, or place of business in Washington. Citibank issued credit cards, some of which were private label store branded cards, to Washington residents.
- Citibank had agreements with retailers for the private label cards obligating the retailers to market the cards to customers in Washington stores. Additionally, the retailers were authorized to accept payment from customers on behalf of Citibank. Citibank used Washington attorneys when filing lawsuits in Washington courts for debt collection.
- The Board found that Citibank’s activities met the constitutional requirements for the imposition of B&O tax and were sufficient to constitute nexus regardless of whether characterized as physical presence. Based on the activities of third parties performed on behalf of the taxpayer, the Board determined it constituted sufficient nexus.
- (Citibank (South Dakota) National Association v. State of Washington DOR, 11/14/2023)



Local Gross Receipts Taxes

San Francisco Gross Receipts Tax

- Taxpayers deriving gross receipts from business activities both within and outside San Francisco must generally allocate and/or apportion gross receipts to San Francisco using rules set forth in the Business and Tax Regulations Code.
- Gross receipts means the total amounts received or accrued by a person from whatever source derived, including, but not limited to, amounts derived from sales, services, dealings in property, interest, rent, royalties, dividends, licensing fees, other fees, commissions and distributed amounts from other business entities.
- For 2024 tax rates, visit <https://sftreasurer.org/business/taxes-fees/gross-receipts-tax-gr>

San Francisco Homelessness Gross Receipts Tax (HGR)

- The Homelessness Gross Receipts Tax (effective 1/1/2019) imposes an additional gross receipts tax of 0.175% to 0.69% on combined taxable gross receipts over \$50 million.
- Businesses or combined groups that pay the administrative office tax will pay an additional tax of 1.5% on their payroll expense in San Francisco.

Portland Gross Receipts Tax

- Portland, OR imposes a 1% gross receipts tax on large retailers doing business in the city. This tax is separate from the city's business license tax which is imposed on net income.
- A large retailer in Portland is a seller:
 - With annual gross revenue from retail sales from all locations in the United States where the taxpayer conducts business that exceeded \$1 billion in the prior tax year; and
 - Has annual gross revenue from retail sales within Portland of \$500,000 or more in the prior tax year.

Philadelphia Business Income & Receipts Tax (BIRT)

- The BIRT is based on both gross receipts and net income. Both parts must be filed.
- As of January 1, 2019, the BIRT regulations enforce economic nexus principles, at least for the gross receipts section of the tax:
 - A business is considered to have nexus in Philadelphia and is subject to BIRT if it has generated at least \$100,000 in Philadelphia gross receipts during any 12-month period ending in the current year.



Los Angeles Business Licenses

- Every person who engages in any business within the City of Los Angeles is required to obtain the necessary Tax Registration Certificate(s) and make payment of the business tax.
- Most business taxes are based on gross receipts. For those Business Tax Classifications, the tax rate is a specified amount per \$1,000 of taxable gross receipts for each tax classification.
 - Retail: \$1.27 per \$1,000 of Gross Receipts
 - Wholesale: \$1.01 per \$1,000 of Gross Receipts



Virginia Business, Professional and Occupational License Tax (BPOL)

- Virginia localities are authorized to impose the BPOL on a company's gross receipts.
- A BPOL return is either an application for a license or a renewal of license to do business in the locality.
- Rates vary by location and business activity classification.
- The tax may only be imposed on businesses with a definite place of business in the locality.

Questions & Comments

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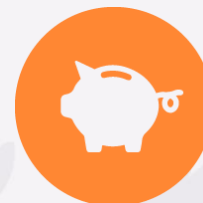
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The logo for Avalara, featuring the word "Avalara" in orange with a blue checkmark integrated into the letter 'A'.

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