

# City of Los Angeles Business Tax (LABT)

The Los Angeles Municipal Code stipulates that businesses must obtain a **Business Tax Registration Certificate** and pay the required **City of Los Angeles Business Tax–LABT**. The City of Los Angeles has access to business information contained on tax returns filed with the state of California and uses it to identify taxpayers subject to this tax.

In order to comply you must register with the LA municipality and obtain a **Business Tax Registration Certificate**. The city determines the type of business that is being operated and sends a bill. There are several exceptions which exempt a business from paying the tax. However, the business must obtain a **Business Tax Registration Certificate** to claim the exemption and renewal must be made in a timely manner.

**If you renew online the deadline is on February 28<sup>th</sup>, 2020.**

The following are examples of exemptions:

**1. Small Business Exemption** Small businesses with total gross receipts of \$100,000 or less are exempt from LABT.

**2. Newly Established Business** Los Angeles Municipal Code Section 21.30 now provides an exemption for new businesses that started in the City or businesses that relocated from outside the City on or after January 1, 2010 through December 31, 2012. To qualify, a taxpayer could not have been in business in the City in the preceding tax year. This exemption results in no business tax liabilities for a period of three years and there are no gross receipts restrictions. After this exemption sunsets, the New Business Exemption will return to two years with gross receipts of less than \$500,000 per year.

Please note: Filing must be made in a timely manner in order to qualify for this exemption.

**3. Creative Artist Exemption** A "Creative Artist," whose activities are primarily for entertainment and/ or aesthetic purposes, is exempt from paying the LABT on gross receipts of less than \$300,000.

Taxpayers who may be eligible for this exemption include: actor / announcer; art director, costume designer, production designer, scenery / set designer; choreographer; cinematographer; conductor of musical groups; director; motion picture editor, sound dubbing, special effects, or titling artist; creative writing; music / lyrics arranger, composer or writer; author; cartoon artist; lithographer/ painter/ sculptor of visual fine arts; drawing graphic / illustration / sketch artist; performing artist; and photographer (if primary artistic and not journalistic or commercial).

To see more exemptions, please visit **<https://finance.lacity.org/tax-incentives-and-exemptions>**

For those businesses that are not exempt and must pay please see the Business Tax Rates, which can be found at **<https://finance.lacity.org/know-your-rates>**

For more information and filing assistance, please contact us.