

**CITY OF RICHMOND
FINANCE DEPARTMENT
FINANCE DIRECTOR ADMINISTRATIVE RULING NO. 1
ADMINISTRATIVE RULING AND INTERPRETATION (1.0)**

***Authority.** Pursuant to Section 7.04.670 of the City of Richmond Gross Receipts Business Tax Measure U, the Director of Finance, upon delegation from the City Manager, hereby adopts the following administrative rulings:*

PURPOSE

This Administrative Ruling clarifies certain sections of the Measure U Gross Receipts Tax Ordinance approved by Richmond voters in November 2020.

BACKGROUND

The rulings herein promulgated provides specific apportionment criteria to be used by the City of Richmond staff and the taxpayer in determining application if the Business Tax of gross receipts.

RULING OF THE DIRECTOR OF FINANCE

The following guidelines shall be used to determine the percentage of gross receipts to be used for the tax base:

A. Administrative Ruling - Definitions and Classifications (Section 7.04.100)

- 1) If a business operator has earned gross receipts in Richmond, and provides other services where the gross receipts is earned outside of Richmond, such as trucks, water or rail transportation, the tax will be calculated on the gross receipts from sales in Richmond.
- 2) “Wholesale Sales” is defined as “the sale of goods, wares, or merchandise for the purpose of resale in the regular course of business. However, it is not included in any of the Business Activity Classifications. Businesses categorized as Wholesale Sales will fall under Business Activity Classification of Class A – Retail Sales with the following rates:

If annual gross receipts are:	Then the business tax is:
Not over \$1,000,000	\$1.20 per \$1,000 of annual gross receipts
Over \$1,000,000 but not over \$2,500,000	\$1,200, plus \$1.60 per \$1,000 of annual gross receipts over \$1,000,000
Over \$2,500,000 but not over \$25,000,000	\$3,600, plus \$2.00 per \$1,000 of annual gross receipts over \$2,500,000
Over \$25,000,000 but not over \$50,000,000	\$48,600, plus \$2.40 per \$1,000 of annual gross receipts over \$25,000,000
Over \$50,000,000	\$108,600, plus \$3.20 per \$1,000 of annual gross receipts over \$50,000,000

- 3) Any business that is not otherwise defined nor included in the various classifications will fall under Business Activity Classification of Class J – Miscellaneous.

Limitation. This Ruling and Interpretation is intended to give general guidance and should not be viewed as providing a definite answer to all factual situations, as the exact application of the tax will depend on the nature of the service, the manner in which it is billed (*e.g.*, bundled or unbundled), and other factors.

City of Richmond, Director of Finance

Belinda Brown

Date: November 2, 2021