

County of San Mateo
Vehicle Rental Business License Tax
General Guidelines, Policies & Procedures & FAQ's
(To be used in conjunction with San Mateo County Ordinance 5.150)

Initial Process:

Once an establishment responsible for remitting Vehicle Rental Business License Tax has been recognized as being within the jurisdiction known as the unincorporated areas of San Mateo County, an information packet is immediately mailed from the office of the Tax Collector-Treasurer containing the following: cover letter, Ordinance 5.150, an application for Vehicle Rental Business Registration, Guidelines, Policies and Procedures and FAQ's (**F**requently **A**sked **Q**uestions).

1. Upon receipt of a Vehicle Rental Business Registration packet, it is imperative that an application be submitted to the San Mateo County Tax Collector-Treasurer within 30 days. Upon receipt and processing, a certificate validating the business will be provided which should be posted in a conspicuous place on the premises.

2. Vehicle Rental Businesses are required to pay a tax equal to 2.5% of gross quarterly receipts to the County. The owner/agent shall report gross receipts each quarter, and remit payment equaling 2.5% to the Tax Collector pursuant to 5.150.060. Remit payment of tax collected to the Tax Collector-Treasurer within 30 days after each calendar quarter-end as follows:

<u>Period</u>	<u>Final Due Date</u>	<u>Delinquent Date</u>
January, February, March	April 30 th	May 1 st
April, May, June	July 31 st	August 1 st
July, August, September	October 31 st	November 1 st
October, November, December	January 31 st	February 1 st

Please pay special attention to the due dates above. Penalties under 5.150.070 are strictly enforced on late filings of Vehicle Rental Business License Taxes. Payments postmarked by the final due dates above will be accepted.

Policies & Procedures

1. It is the responsibility of the business operator to submit tax return forms in a timely manner to avoid associated penalties for delinquent submissions. Reporting forms are available on our website at: tax.smcgov.org. If you do not have internet access, it is your responsibility to contact this office at (866) 220-0308 and request them, well in advance of the due date in order to avoid filing a delinquent report.

Any operator who is behind in filing Vehicle Rental Business License Tax returns will be subject to an immediate audit, placed on a monthly reporting schedule and may be subject to a Lien for Delinquent Vehicle Rental Business License Tax. Said delinquencies shall be collected in the same manner as any unsecured tax collection procedure as provided by the California Revenue and Taxation Code.

2. The Vehicle Rental Business License Tax Ordinance requires you to retain your records for a period of three years. These records have to provide a sufficient audit

trail from booking/registration to quarterly income figures reported to the County, and can include registration records, revenue/deposit summaries, general ledger and similar records. Other documents may be required during the audit including financial statements and income tax returns. Audits are conducted every three to four years or at shorter intervals due to delays in submission of Vehicle Rental Business License Tax returns and remittances.

Information obtained, as part of the audit, shall be used only for purposes related to the administration of the San Mateo County Vehicle Rental Business License Tax.

3. Returns and payments are due immediately to the County upon cessation of business for any reason (sale, bankruptcy, renovation, etc.). It is your obligation to obtain the reporting forms from this office before the cessation of business. New buyers should take a “Buyer Beware” stance when purchasing property from a seller responsible for Vehicle Rental Business License Tax. When a change of ownership is to take place, the seller has liability for disclosure that all taxes have been paid, however, the new owner is responsible for confirming this information and withholding from the purchase price amounts owed pursuant to 5.150.120(f). Otherwise, outstanding Vehicle Rental Business License Tax owed on an establishment that takes on new ownership becomes the liability of the new owner. A new application for Vehicle Rental Business Registration must be submitted by the new owner when there is a change of ownership within 30 days of commencing business.

Clarifications

1. “Gross Receipts” is defined as follows: The total amounts actually received or receivable for the renting of any motor propelled vehicle or truck, including motorcycles, or of any similar means of motorized land conveyance for passengers or property and for the rental or provision of any associated options equipment, services, or insurance, or for the performance or provision of any other act or service, of whatever nature it may be, for which a charge is made or credit allowed. Included in “gross receipts” shall be all receipts, cash, credits and property of any kind or nature, without any deduction therefrom on account of the cost of materials used, labor or service costs, interest paid or payable, or losses or other expenses whatsoever. Excluded from “gross receipts” shall be the following:

- a. Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser;
- b. Such part of the price of services refunded either in cash or by credit to the consumer or customer upon rescission of the contract;
- c. Amounts collected by operators for others where the operator is acting as an agent or trustee, to the extent that such amounts are paid to those for whom the operator is acting as an agent or trustee, provided that the operator has provided the County Tax Collector with the names and addresses of those for whom the operator is acting as an agent or trustee, and the amounts paid to them; and
- d. Receipts of refundable deposits, except that refundable deposits forfeited and taken into income of the business shall not be excluded.

2. “Tax Collector” means the San Mateo County Tax Collector.

Frequently Asked Questions (FAQ's)

1) What happens if I'm late in filing my report?

The Tax Collector may impose shorter reporting periods for any operator not adhering to the reporting schedule. Any operator who is behind in filing Vehicle Rental Business License Tax returns will be subject to an immediate audit, placed on a monthly reporting schedule and may be subject to a Lien for Delinquent Vehicle Rental Business License Tax.

4) What is the process if I do not agree with the amount owed as determined by the Tax Collector?

An operator may appeal to the Tax Collector. At any appeal, the operator has the burden of proving that the Tax Collector's determination is incorrect and producing sufficient evidence to establish the correct tax liability.

The amount determined to be due shall be payable after 15 days. Any operator aggrieved by any decision of the Tax Collector with respect to the amount of the tax imposed by this article, and interest and penalties, if any, may appeal to the Board of Supervisors by filing a notice of appeal with the County Clerk within 15 days of the serving or mailing of the determination by the Tax Collector of the amount of tax due. The Board of Supervisors shall fix a time and place for hearing such appeal, and the Clerk of the Board of Supervisors shall give notice in writing to such operator at his last known place of address. The findings of the Board of Supervisors shall be final and conclusive and shall be served upon the appellant. Any amount found to be due shall be immediately due and payable upon the service of notice.

Outstanding taxes that remain unpaid may lead to the Tax Collector embarking on a process beginning with filing an "Intention to file Lien" up to and including closure of the establishment.

5) What happens when a tax lien is filed?

The Tax Collector is authorized to record a Certificate of Delinquency of Vehicle Rental Business License Tax with the San Mateo County Recorder against any operator who fails to remit taxes, penalties or interest due within stipulated timeframes.

At any time within three (3) years after any operator is delinquent in the payment of any amount herein required to be paid off within (3) years after the last recording of a Certificate of Delinquency of Vehicle Rental Business License Tax pursuant to 5.150.120(b), the Tax Collector may issue a warrant directed to any sheriff, marshal or constable, for the enforcement of the liens and the collection of any tax and penalties required to be paid to the County under this ordinance. The warrant shall have the same effect as a writ of execution, and be executed in the same manner and with the same effect as a levy and sale pursuant to a writ of execution.

In lieu of issuing a warrant, at any time within the three years after a Certificate of Delinquency of Vehicle Rental Business License Tax is recorded, the Tax Collector may collect the delinquent amount by seizing, or causing to be seized, any property, real or personal, of the operator and selling any non-cash or non-negotiable property, or a

sufficient part of it, at public auction to pay the amount of tax due, together with any penalties, interest, and any costs incurred on account of the seizure and sale. Any seizure made to collect taxes due shall only be to property of the operator not exempt from execution under the provisions of the Code of Civil Procedure.

6) *When can I expect to receive my reporting form?*

Reporting forms are available 24/7 on our website at: tax.smcgov.org. If you do not have internet access, it is your responsibility to contact this office at (866) 220-0308 and request them, well in advance of the due date in order to avoid filing a delinquent report.

7) *Are there any consequences for failing or refusing to register as required? Failing or refusing to furnish a return or other required data? Rendering false or fraudulent returns?*

Any operator or other person who fails or refuses to register as required, or to furnish any return required to be made, or who fails or refuses to furnish a supplemental return or other data required by the Tax Collector, or renders a false or fraudulent return or claim, is guilty of a misdemeanor, and is punishable as otherwise provided pursuant to 5.150.140 of the Ordinance Code.