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CITY OF OAKLAND
AGENDA REPORT

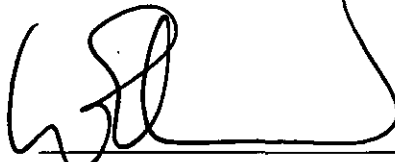
2008 MAR 27 AM 9:47

TO: Office of the City Administrator
ATTN: Deborah A. Edgerly, City Administrator
FROM: Finance and Management Agency
DATE: April 8, 2008

RE: **Informational Report on the Business Tax Board of Review Meeting for the First Quarter of Calendar Year 2008**

Attached is the first quarter report from the Business Tax Board of Review. A representative from the staff will be available to answer questions.

Respectfully submitted,



WILLIAM E. NOLAND, Agency Director
Finance and Management Agency

Prepared by: Terry Adelman
Revenue Manager
Revenue Division

Attachments

FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE


Office of the City Administrator

Item: _____
Finance and Management Committee
April 8, 2008



Revenue Division

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Oakland, CaliforniaSubject: Informational Report on the Business Tax Board of Review Meeting for the First Quarter of Calendar Year 2008

Members of the City Council:

This is an informational report on the Business Tax Board of Review meeting held during the 1st quarter of calendar year 2008. Per the request of the Finance and Management Committee, a brief narrative on the decisions by the Board, as well as appeals made by taxpayers, are outlined. The Business Tax Board of Review has convened one (1) regular meeting in the first quarter of calendar year 2008. The meeting was held on January 30, 2008. The following is a summary of the decisions rendered by the Board:

There were five (5) Board members present at this meeting, which was to hear a total of two (2) cases originally scheduled involving various disputes. The Board heard both cases; and one (1) case was heard in the appellant's absence. Both cases were decided in favor of the City. The two (2) cases heard were:

1) Chevron - Pursuant to an audit performed on Chevron's distribution account (#2179056, 2003 - 2006), it was determined that the apportionment method used by Chevron was incorrect. Staff prepared and presented the findings in establishing apportionment methods for gross receipts for the sales of fuel delivered to Oakland locations to be used in the determination of business tax liability. The sales activity was the only area in dispute regarding apportionment of gross receipts.

Chevron's representative presented the method in which Chevron apportioned gross receipts in the past based upon their interpretation of the guidelines shown on the reverse side of the annual business tax renewal declaration as it applied to their sales and delivery methods. At the hearing Chevron's representative presented new information regarding sales activities that staff was not aware of during the audit.

The Board voted 3 to 2 in favor of the City, supporting staff's apportionment method and findings.

City staff agreed to consider the taxpayer's new information in the final determination of the tax liability.

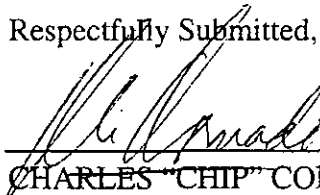
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2) Jack & Hai L. Chau - Taxpayer purchased commercial rental, 420-424 3rd Street in October 2002. Taxpayer had not obtained a business tax certificate and paid no business tax until he was contacted by audit staff in March 2006.

The taxpayer disputed the application of business tax for 2003 and penalties and interest for 2003, 2004 and 2005. He communicated to staff that he was a resident of Southern California and was not aware that the City assessed a business tax on rental activity/property.

This case had been postponed from three previous board of review hearings. The taxpayer failed to appear for the hearing. The Board voted 5 to 0 (unanimous) in favor of the City.

Respectfully Submitted,



CHARLES "CHIP" CONRADI
Chairperson, Business Tax Board of Review