



Business License Tax Compliance Assistance Program Frequently Asked Questions (FAQs)

The Program

Q: What is the City of Santa Monica Business License Tax Compliance Assistance Program?

A: The Business License Tax Compliance Assistance Program (CAP) is a temporary program that seeks to help individuals and businesses correct overdue tax liabilities and comply with their business license obligations. CAP authorizes the City to waive 90% of penalties assessed on unlicensed businesses, for accounts with a minimum penalty of \$7.50 or more.

Q: How can I participate in the program?

A: It is easy to apply! Visit the [CAP website](#) for more information and the application.

Q: Who qualifies for penalty reduction under the program?

A: Businesses that are physically located in Santa Monica that have not previously been contacted or registered with the City's Finance Department for noncompliance of Santa Monica Municipal Code Article 6. This includes notices to comply, delinquency notifications and/or business license tax audits.

Q: I previously paid my business license tax that included penalty. Can I receive a refund?

A: No. Prior penalties paid are not eligible for refund under this program.

Q: When does the Compliance Assistance Program begin and end?

A: The program begins June 3, 2019. The program deadline has been extended. Applications must be received (or US post office postmarked) no later than July 31, 2019. For applications that are being hand delivered, please check our [Hours of Operations and Office Closures](#).

Q: How long will it take to process my application?

A: Business license applications are normally processed within 1-2 business days but during this program, processing times may take 5 to 7 days, due to the higher than normal volume.

Once your application is received, the Business License office will process your application and send you a tax invoice for any balance owed. Payments can be completed online, by mail, or in-person.

Before a business license can be issued, applications must be reviewed and approved by other City departments if applicable, which can increase processing time as well.

Q: What if I miss the deadline?

A: If you miss the July 31, 2019 deadline, you will be required to pay all fees due, including taxes in arrears and any penalties assessed.

Business License Requirements

Q: Why does the City require businesses to obtain a business license?

A: Section 6.04.020 of the Santa Monica Municipal Code requires that all business activity be licensed by the City. The revenues from this tax contribute to the City's General Fund, which

pays for essential City services such as police and fire protection; and maintaining parks, beaches, streets, and sidewalks. The business license process also ensures that businesses operating in Santa Monica meet zoning and other legal requirements. This helps to mitigate negative impacts on parking, traffic, noise, and other public nuisances.

Q: Do I need a business license?

A: All businesses operating in the City of Santa Monica, even if the business' physical location is not within City limits, must maintain a business license.

Q: What happens if I don't get a business license?

A: After the program ends on July 31, 2019, the Finance Department will begin working with the State of California Franchise Tax Board, Los Angeles County, and other resources, to identify and contact unlicensed businesses. Businesses that do not obtain a business license will be subject to audits, citation by Code Enforcement, and/or criminal prosecution.

Q: I live in Santa Monica, but my business is located outside of the City limits. Do I need to get a business license?

A: As long as your business location and all business activity are conducted outside the City limits, you are not required to obtain a City of Santa Monica business license. Business activity includes anything that contributes to the service that is being delivered or the sale of a product. However, if your residence is your business location, you will need to obtain a business license regardless of where your business activity is conducted. For example, you have an online business that you operate out of your home in Santa Monica. In this case, you would be required to apply for a business license.

Business with Physical Locations Outside of the City Limits

Q: What is an "out of city" business?

A: An "out of city" business has a physical location outside of the City limits, but conducts business activity in Santa Monica. For example, a contractor that has a contract to build in Santa Monica; or a consultant that has a contract with a client in Santa Monica and conducts businesses related to the contact within the City limits. Other examples are companies that have kiosks or billboards in the City.

Q: Are "out of city" businesses eligible for this program?

A: "Out of City" businesses are not eligible for the penalty reduction under the Compliance Assistance Program. However, they are still required to obtain a business license.

Q: I live outside of Santa Monica but enter into Santa Monica to conduct business. Do I need to get a business license?

A: Yes. Even though you may not have a physical location in Santa Monica, if you conduct any business activity within the City limits then you are required to obtain a Santa Monica business license. Examples include contractors, consultants, out-of-town doctors, gardeners, pool cleaners, maids, and any other type of business activity that takes place within the City.