

CITY OF LOS ANGELES

CALIFORNIA

ANTOINETTE CHRISTOVALE
DIRECTOR OF FINANCE



OFFICE OF FINANCE
TAX AND PERMIT DIVISION
200 N. SPRING ST.
ROOM 220 - CITY HALL
LOS ANGELES, CA 90012-5701

ANTONIO R. VILLARAIGOSA
MAYOR

March 11, 2009

NOTICE TO COMMUNICATIONS SERVICE PROVIDERS

RE: COMMUNICATIONS USERS TAX (CUT) Exemption Affidavit and Rate Reduction Application

On February 5, 2008, the voters of the City of Los Angeles approved Measure S – Communications Users Tax. This ordinance took effect, in its entirety, on March 15, 2008. The Communications Users Tax (CUT) ordinance provides exemptions from the utility users tax for specified Persons under certain identified circumstances as listed in Los Angeles Municipal Code (LAMC) Section 21.1.3(d) and Section 21.1.12. To the extent that allowed exemptions, provided to utility users, existing prior to March 15, 2008 are consistent with the CUT ordinance, no further request for application regarding these exemptions is required from communications service providers. These exemptions will continue to be validated during the City of Los Angeles' audit process as administered by the Office of Finance.

Any new requests for exemptions identified in LAMC Section 21.1.3(d) are required to be certified by the utility user to the communications service provider. The attached affidavit must be completed by the utility user and submitted to the communications service provider to certify the requesting party's exempt status. In order to comply with the City of Los Angeles CUT exemption requirements, all communications service providers must maintain properly executed exemption affidavits for all claimed exempt customers. Claimed exemptions that cannot be validated through an executed affidavit during the audit process will be disallowed by the Office of Finance.

The Office of Finance will continue to administer and process exemptions identified in LAMC Section 21.1.12. Utility users seeking either the low-income senior citizen exemption or low-income disabled person exemption are required to submit an application directly to the Office of Finance Special Desks Unit. Upon approval of the exemption, the communications service provider will be notified by the Office of Finance that the exemption has been granted for the specified utility user. The same direct application procedure is in effect for a Person, acting as an Independent Telemarketing Agency, seeking the reduced CUT tax rate of 5% as provided by LAMC Section 21.1.3(a).

Please visit the Office of Finance website at <http://www.lacity.org/finance/> or contact us at Finance.PhoneTax@lacity.org for more information. The attached exemption affidavit and applications for the low-income senior citizen/disabled person exemption and the Independent Telemarketing Agency reduced rate application are available at the Office of Finance website.

Sincerely,

Antoinette D. Christovale
Director of Finance

Attachment

Disclaimer: Advice on tax matters is only binding if issued by the Director of Finance or the Mayor and City Council in writing. Oral and/or unauthorized advice on tax matters is not binding upon the City.

CERTIFICATE OF EXEMPTION FROM CITY OF LOS ANGELES COMMUNICATION USERS TAX

() New

THIS SECTION MUST BE COMPLETED IN ORDER FOR THE EXEMPTION CLAIMED BELOW TO BE VALID.

The undersigned certifies that the account for which a tax exemption is being claimed; (1) will be used by the exempt organization, (2) billing address on the account is a valid address of the exempt organization, and (3) the account will be paid directly by the exempt organization listed below:

Account Name: _____ Account Number: _____
Billing Address: _____

The undersigned represents he/she is authorized to execute this certificate and hereby claims exemption from taxes imposed by Section 21.1.3(d) of the Los Angeles Municipal Code under the following provisions. (Check applicable section and provide information *where* required.)

A. () RESELLER OF COMMUNICATIONS SERVICES

The undersigned certifies the communication services furnished by the telephone company or other communications services provider will be used exclusively in the rendering of a communications service upon which tax is imposed by Section 21.1.3 of the Los Angeles Municipal Code. It is understood that no tax will be collected by the telephone company or other communications services provider on charges for said services and it will be the responsibility of the undersigned to collect such tax as may be due from its customers and to remit it to the City of Los Angeles.

All resellers of communications services requesting exemption from payment of the Communications Users Tax (CUT) must register with the City of Los Angeles Office of Finance in order to properly remit to the City CUT collected from the resellers' customers. In addition to this signed Certificate of Exemption, resellers of communications services must submit proof of registration with the Office of Finance to the communications services provider in order to validate the claimed exemption.

B. () GOVERNMENTAL ORGANIZATIONS

The undersigned claims exemption from the tax imposed on amounts paid for communications services by a governmental organization. The undersigned certifies such exemption is allowable by law because such service is being and will be furnished to and charges will be paid directly from the funds of (check one):

- () The United States
- () A state or political subdivision thereof
- () A public International Organization ; Section 7701(a)(18) made tax exempt by Presidential Executive Order No. _____ (Attach copy of order)
- () An organization created and specifically designated tax exempt by Act of Congress. Public Law No. _____ (Attach copy of public law)

C. () NEWS SERVICES

The undersigned claims exemption from the tax imposed on amounts paid for communications services, except with respect to local telephone services, used in connection with the collection of news for the public press or a news ticker service furnishing a general news service similar to that of the public press, or radio broadcasting, or in the dissemination of news through the public press, or a news ticker service furnishing a general news service similar to that of the public press, or by means of radio broadcasting, if the charge for that service is billed in writing to that person.

D. () INTERNATIONAL, ETC., ORGANIZATIONS

The undersigned claims exemption from the tax imposed on amounts paid for communications services furnished to a public international organization in which the United States participates pursuant to treaty or Act of Congress, or to the American Red Cross. The undersigned certifies that such exemption granted to a foreign government is allowable by law in accordance with the provision of the Government's Treaty with the United States and that the undersigned is not engaged in professional business, trade, or commerce and is not a citizen of the United States.

Name of Organization: _____ Name of Treaty: _____ Date of Treaty: _____

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E. () SERVICEMEN IN COMBAT ZONE

The undersigned claims exemption from the tax imposed on charges for any communications services which originates within a combat zone, as defined in Section 112 of Title 26 of the United States Code, from a member of the Armed Forces of the United States performing service in the combat zone, as determined under Section 112 of Title 26 of the United States Code.

F. () NONPROFIT EDUCATIONAL ORGANIZATION

The undersigned claims exemption from tax on any amounts paid by a nonprofit organization for communications services provided to that organization. For purposes of this exemption, the term "nonprofit educational organization" means an educational organization described in Section 170(b)(1)(A)(ii) of the United States Code, which is exempt from federal income tax under Section 501(a) of Title 26 of the United States Code. The term also includes a school operated as an activity of an organization described in Section 501(c)(3) of Title 26 of the United States Code, which is exempt from federal income tax under Section 501(a) of Title 26 of the United States Code, if that school normally maintains a regular facility and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.

G. () NONPROFIT HOSPITAL

The undersigned claims exemption from the tax on any amounts paid by a nonprofit hospital for communications services provided to that hospital. For purposes of this exemption, the term "nonprofit hospital" means a hospital referred to or defined in Section 170(b)(1)(A)(iii) of Title 26 of the United States Code, which is exempt from federal income tax under Section 501(a) of Title 26 of the United States Code.

H. () COMMON CARRIER, TELEPHONE AND TELEGRAPH COMPANY, RADIO AND TELEVISION BROADCASTING STATIONS AND NETWORKS

The undersigned certifies that such service has been and will continue to be used exclusively in the conduct of its business as a (check one):

- Common Carrier
- Telephone Company
- Telegraph Company
- Radio or Television Broadcasting Station or Network

I. () OTHER REASON

Reason: _____

Exemption authorized by Los Angeles Municipal Code Sec. _____

IF NO LONGER ENTITLED TO COMMUNICATIONS USERS TAX EXEMPTION, PLEASE INDICATE THE EFFECTIVE DATE OF THIS CHANGE:

Date

The undersigned agrees to notify the *provider* of services in writing within 30 days before the effective date when the Customer is no longer entitled to exemption or when the basis for tax exemption indicated above changes or ceases to exist. The undersigned also understands that the fraudulent use of this certificate for the purpose of securing this exemption will subject each and all guilty parties to fines, imprisonment, or both together with costs of prosecution as appropriate by law.

Account Name: _____ Account Number: _____

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature Title Date

FOR OFFICE USE:

Received by _____ Office _____ Telephone _____

Date Received _____ Date of Adjustment _____