

**CITY OF SANTA ANA
BUSINESS TAX OFFICE (M-15)**



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FTB NOTICES - FREQUENTLY ASKED QUESTIONS (FAQs) – ALL BUSINESS TAX CATEGORIES

Q: What is the Franchise Tax Board (FTB) program?

A: As a result of State legislation, the State Franchise Tax Board (FTB) is authorized to disclose to local jurisdictions and government agencies certain records related to business activities of residents, corporations, and other entities within the City. By matching the data to our existing records, we are able to identify unregistered businesses within the City.

Q: Why did I receive a FTB notification?

A: Our records from the FTB show that you or the named business entity is reporting some type of business activity to the FTB using a City of Santa Ana address. This indicates you may be operating a business in the City and have not yet obtained a Santa Ana Business License.

Q: Am I doing “business”? What does Santa Ana consider a “business” and why do they think I am operating one?

A: Santa Ana Municipal Code Section 21-3 defines business as including *“all activities engaged in or caused to be engaged in within the city, including any commercial or industrial enterprise, trade, profession, occupation, vocation, calling, or livelihood, including rental of residential or commercial real estate, and every other kind of activity whether or not carried on for gain or profit, and whether or not engaged in as a principal or as an independent contractor, but shall not include the services rendered by an employee to his employer.”*

State law (Business & Professions Code Section 16300) requires cities to use the way a taxpayer reported income to the IRS and FTB to determine whether the taxpayer performed services as an employee or as a separate business entity.

Q: I received a 1099 Form instead of a W-2 from my work. Am I required to have a business license?

A: Yes, individuals that work as an independent contractor and are reported on a 1099 Form instead of a W-2 need to have a City of Santa Ana Business License.

Q: I do part-time consulting/independent contractor work from my home. Do I have to get a business license?

A: Yes, businesses both large and small are required to obtain a Santa Ana Business License to be in compliance with the Santa Ana Municipal Code. If the consulting work or other independent contractor work is done from a location within the City limits, such as your residence, you are required to obtain a City of Santa Ana Business License.

Q: I am an independent operator performing services in association with a licensed Santa Ana business, or nonprofit organization or government agency. Do I have to get a separate business license?

A: Yes, engaging in business in association with, or performing services for, or in the name of a licensed Santa Ana business or nonprofit organization, or government agency does not relieve separate business entities, independent contractors, consultants or other self-employed individuals from the requirement to obtain a City of Santa Ana Business License.

Q: I live in Santa Ana, 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 of Santa Ana, there is no need to obtain a City of Santa Ana Business License. However, if you are conducting business based from your residence, or your residence is your business location, you will need to obtain a City of Santa Ana Business License.

Q: My business entity (Corporation, LLC, Partnership, LP, etc.) is dormant/passive and it is just paying a minimum tax to the Secretary of State. Is it required to get a business license?

A: Yes. If your business is registered as “active” with the Secretary of State and is reporting on a business return to the FTB and IRS, it will need a business license. Maintaining a business entity within the City, whether it is transacting public business or not, is considered operating a business under the Municipal Code and a City of Santa Ana Business License is required.

Q: I don’t feel I’ve conducted business from or in Santa Ana and I want to be taken off your list; or I did conduct business in the tax years reported, but don’t do so any longer and am employed on a full-time basis. What remedies are available to me?

A: You may complete and submit a Request for Business License Tax Review. Contact us by phone or email and ask for a Business License Tax Review Form or visit us at www.santa-ana.org/tax-holiday to download the form. Please see the instructions on the downloadable form for details. In any communication with us, include your **File Reference # - see notice.**