

Examples of Businesses or Persons Required to Pay a Tax

- Any business in a commercial or industrial location selling or providing a product
- Persons who have a home office or use their home as the headquarters for their business
- Businesses which are located outside the city limits but transact business in the city, such as contractors, house cleaners, repair people, gardeners, fumigators, telemarketers, distributors of goods to a retail location, et cetera
- Independent contractors such as doctors, real estate agents, hairdressers, janitorial contractors, and home party demonstrators and sales persons
- Apartment houses, hotels, motels, boardinghouses, and other housing facilities (except duplexes and single-family dwellings, which are exempt, unless used as a vacation rental)
- Vendors who sell or deliver goods to a private residence or to a public place of business not owned by such a vendor, including individual or business owners selling on consignment in a public place not owner by them
- A barbershop or beauty salon and each person renting space or providing a service
- Street vendors or peddlers; solicitors of all kinds
- All other lawful and authorized business, other than salaried employee or employees for wages
- Insurance agents are exempt as long as no other separate business is occurring in the same office
- Non-profits with a 501(c)(3) status are exempt from the business license tax;

Basically, if you do not receive a payroll check for the type of product you sell or service you provide, you are subject to a business license tax.

**Still not sure if you need to pay the tax?
If you answer YES to one or more of the
following questions, please submit an
application:**

- Do you own a business with a physical location within the city limits of Cloverdale?
- Do you rent space and sell goods from a business location not owned by you?
- Does your company deliver goods to a retail store in Cloverdale?
- Do you receive a 1099 federal tax form from a Cloverdale address?
- Do you file a Schedule C with your federal tax return for money paid to you from a Cloverdale location?
- Do you sell real estate in the Cloverdale?
- Does your company manage the sale or rental of a Cloverdale property?
- Do you sell a product like satellite television, housewares, personal goods, jewelry, et cetera?
- Do you rent space from a barbershop or beauty salon?
- Do you provide on-location repair services?
- Do you have a vending machine located in Cloverdale?
- Do you collect money from someone after providing cleaning or gardening services?
- Did someone hire you to do construction in their business or home?
- Do you provide any kind of consulting service for which you receive payment?
- Do you sell products or services on consignment?

www.Cloverdale.net



HOW TO OBTAIN A BUSINESS LICENSE IN THE CITY OF CLOVERDALE



**CITY OF
CLOVERDALE**

**An Informational Guide to
Paying Your
Business License Tax**

WELCOME TO THE CITY OF CLOVERDALE BUSINESS COMMUNITY

This brochure provides a summary of information you will need to know in order to obtain a business license in Cloverdale. This guide is provided as a public service. It is not all-inclusive and any specific questions should be directed to the Finance and Administration Department at City Hall by calling 707.894.2521 or by visiting us at 124 N. Cloverdale, CA 95425. Clarification and definition of the business license tax can also be located on our website at www.cloverdale.net.

A City of Cloverdale business license is not a regulatory license—it is a tax to help pay for the public safety needs of the community; and to provide ongoing maintenance of our streets and parks for the citizens of the City of Cloverdale.

Conducting business in the City of Cloverdale without a license can result in penalties, Notices of Violation and Administrative Citations. It is a misdemeanor to violate the City Business License ordinances.

About the Business License Tax

In 1965, the City of Cloverdale business license tax ordinance 220-65 was established to license *“the transaction and carrying on of certain businesses, trades, professions, callings and occupations in the City of Cloverdale, for the purpose of raising municipal revenue.”* The last increase in tax was adopted in 1983 with the passing of Ordinance 354-83.

The tax imposed is a flat-rate tax based on the type of business being conducted in the City of Cloverdale. The City is a non-regulatory entity and therefore is only required to collect the tax, not enforce other conditions of business ownership or reporting that may be required by state, federal or local law.

Who needs to pay the business license tax? Essentially anyone who sells a product, produces a product or provides a service is required to pay an annual tax which is initially collected with the application. To be clear, if you do not receive a payroll check for the type of product you sell or service you provide, you are probably subject to a business license tax.

How do I obtain a license and how long does it take to apply? You can obtain an application from City Hall, or download one from our website at www.cloverdale.net. Complete the application and return it with your payment to City Hall at 124 N. Cloverdale Blvd., Cloverdale, CA or mail it to PO Box 217, Cloverdale, CA. Once received and the payment has been processed, you will receive your business license certificate in 2-6 weeks.

How much does it cost? The business license is based on a flat tax plus additional amounts depending on the type of business and number of employees. A typical annual business license tax starts at \$56.25 up to \$337.50 annually. All taxes rates are listed in the municipal code which can be found on the city website at www.cloverdale.net, and are included with the Business License Tax Application Packet.

Do I need planning, zoning and/or building permits before I submit my business license tax application? Individuals and businesses can submit and pay a tax anytime they expect to do business in Cloverdale. However, planning, zoning and/or building permit requirements may also need to be in place before you start providing business services. Please contact the Cloverdale Community Development and Planning Department at 707.894.1726 for more information. They are open Monday—Thursday 8:00am—5:00pm and closed for lunch.

Why do you need to pay this tax? The City of Cloverdale is required to collect the business license tax equitably and accurately from all individuals and entities conducting business in the City of Cloverdale. This tax is used for the benefit of the community by using the revenue to provide 9-1-1 emergency services to the community; maintain city streets and public parks; furnish animal control services; and provide local law enforcement and community services as a few examples. Without this revenue, services are subject to a reduction in staff or maintenance.

How often do you pay? The tax is an annual amount. Each December, the City will mail a renewal notice and bill to the address on record and payment is due prior to January 31st of each year to prevent penalties. It is the responsibility of the business or individual to notify the City in writing when they do not intend to do business in Cloverdale for the next calendar year. Once an account is inactivated, a new application is required to resume business.

If you would like to receive a Business License Tax Packet by mail, send a self-addressed stamped envelope to: Business License Department, City of Cloverdale, PO Box 217, Cloverdale, CA 95425

Or pick up a packet at 124 N. Cloverdale Blvd., Cloverdale, CA 95425

Download the packet at www.cloverdale.net.

City Hall Hours

Monday—Thursday 8:00am—5:00pm

Closed Fridays and Holidays



P.O. Box 217
124 N. Cloverdale Blvd.
Cloverdale, CA 95425