

## Best Tax Practices – City LA Department of Finance Letter

You have received a letter from the Los Angeles City Department of Finance.

Please see Tax Prep Toolbox ([www.TaxPrepToolbox.com](http://www.TaxPrepToolbox.com)) Best Tax Practices 1-sheet / white paper on the matter titled **City Business License (Los Angeles)**.

If you still have questions after reading the white paper, contact your preparer for further assistance.

Additionally, when you speak to the LA Department of Finance regarding your letter, we advise that you go in person and that you put on your best acting performance - no attitude.

The issue at hand is ONLY about the income reported on SCHEDULE C (or C-EZ) on your tax return. The city does not care about nor are they asking about any other income or money than what is on your Schedule C (C-EZ).

For the city, you will need to know

- Business Code, which should be on your Schedule C (C-EZ).
  - Those in the Arts & Entertainment industry, regardless if you are behind the camera or in front of the camera, you are most likely code **711510**
- The amount shown on LINE 7 from your Schedule C (or LINE 1 from your Schedule C-EZ)
  - That is the **ONLY** income information you need and you do not need to know any other income, expenses, deductions, adjustments or credits

You likely qualify for one of two different EXEMPTIONS offered by the city - the **Creative Artist Exemption** or the **Small Business Exemption**. The **Creative Artist Exemption** provides a little bit more space in your profession as an artist.

FYI, the LA Department of Finance is frequently changing how and why they do certain things. They may or may not still have a provision for not needing a license if **ALL** of your Schedule C income is 1) from outside the city of Los Angeles or 2) your Schedule C income is from not more than 7 day of work inside the city of Los Angeles. If this is true for you, you will want to tell the Department of Finance when you talk to them.