

# AOSD User Flash #289: Office of Treasurer & Tax Collector F\$P Business Classification - Explanation and Impacts

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TTX has been working with Departments as they work to get suppliers set up in F\$P and cleared to receive payment. Thank you for your patience as we've all worked to adjust to the new system and identify and resolve pain points.

TTX's role is to make sure that any entity who receives City money is either a registered business who doesn't owe the City money for taxes; or that the entity has declared that they do not need to register. This is not a new requirement – your staff also had to check a vendor's business tax status in FAMIS – and this continues to be an essential part of our collective due diligence.

However, it is understood that the new features in F\$P have caused confusion.

Below is an explanation of the business process, technical component, and communication plans to alleviate confusion.

## **Basics**

Business Registration is required for all entities that conduct business in SF and determines tax responsibilities. Registration is completed online and takes less than ten (10) minutes for most businesses. Upon registration, the business receives a Business Account Number (BAN) and a Business Registration Certificate. Registration must be renewed annually.

Businesses often owe multiple taxes and fees to the City and County, including business property taxes, gross receipts and payroll expense taxes, hotel and parking taxes.

Non-profits are required to register, but in many cases are exempt from paying the Registration fee and other taxes.

In some cases, suppliers may not be required to register. Businesses can go to: <https://newbusiness.sfgov.org/vendor/> to review the requirements, and, if applicable, declare that they are not required to register. These entities will be coded in F\$P as "DND" (Declared Not Doing Business).

## **Historic (FAMIS)**

City Departments were not permitted to execute contracts with or pay vendors who were not compliant with business registration requirements and had to check "BUS TAX" status and certificate date in FAMIS before submitting contracts to OCA or payments via FAMIS.

Payments to government entities were excluded from these requirements. The Controller's Office classified these entities as "GOV" and Departments were permitted to execute contracts with and make payments to these entities without any business registration requirements. Note: This code no longer exists.

## Current (F\$P)

Departments are **STILL REQUIRED** to manually check business registration status **BEFORE** they execute a contract. Importantly, in the event that Suppliers are not in compliance, the system will not allow payment unless the Supplier (1) has valid business registration; (2) has a declaration that they do not have presence in SF (“DND”); or (3) is marked as exempt.

Government Classification	
Historical (FAMIS)	Current (F\$P)
TAX	TAX
EX	EX
NP	EX
GOV	DND
DND	DND

As with FAMIS, the supplier can be either Business TAX, EX (Exempt) or DND. F\$P also has a new category: DLQ.

Suppliers will not be paid if they owe any delinquent taxes. This status is updated daily in F\$P and shows a supplier as “DLQ”. This is made up of taxes that make up General Fund revenue, such as: Transient Occupancy Tax (Hotel); Parking; Payroll and Gross Receipts Expense Taxes; Business Property; Registration.

BAN/Supplier GOV CLASS	CERT EXP DATE	RESULTS	Comments
DND	BLANK	PASS	
BLANK	BLANK	FAIL	Normally, legacy suppliers from FAMIS - inactive
TAX	> TODAY'S DATE	PASS	
TAX	< TODAY'S DATE	FAIL	
TAX	BLANK	FAIL	
DLQ	> TODAY'S DATE	FAIL	
DLQ	<TODAY'S DATE	FAIL	
DLQ	BLANK	FAIL	
EX	> TODAY'S DATE	PASS	
EX	< TODAY'S DATE	FAIL	
EX	BLANK	FAIL	

## IMPACT

The Match process will determine if a supplier may receive a payment and one component of that analysis is the status of taxes owed to the City.

If DLQ, a payment to the supplier will NOT pass Match and yield a Match Exception.

## What to do?

First, inform the Supplier that payment cannot proceed until taxes owed to City are paid.

Second, you can either:

- 1) Email [TTX.BDR@sfgov.org](mailto:TTX.BDR@sfgov.org) and cc the Supplier. Put “[Dept Name] Supplier issue” in the subject, and provide the BAN, Supplier ID number and contact information for the supplier. Due to taxpayer confidentiality laws, BDR staff will contact the business directly, and will not include you on the response. The supplier should contact you to let you know when the issue is resolved.
- 2) Direct supplier to <http://sftreasurer.org/>. The center of the page has three links for online payments to resolve their delinquencies.
- 3) Request that the Supplier contact 311 or 415-701-2311 (if calling from outside of San Francisco)
- 4) Check out their mailing address and info at <https://sftreasurer.org/business>
- 5) Contact - [ttx.vendoraccounts@sfgov.org](mailto:ttx.vendoraccounts@sfgov.org)

*Yes, but does the Supplier even know that they are delinquent? Is this fair?*

Be assured that TTX contacts businesses at VERY regular intervals. They may say they don't know what you are talking about in terms of owing money, but someone in their organization knows. Here are the details of how TTX communicates to all businesses who are delinquent:

- a. Email notice by the 10<sup>th</sup> day of delinquency (not everyone has an email, but businesses established in the last two years have emails)
- b. Send a letter on day 20
- c. Second Email notice on day 40
- d. Second Letter sent on day 60
- e. Third Letter sent on day 91

All communication includes instructions for paying online as well as contact information (a real person). 311 is trained to direct all calls related to delinquencies and all payments accepted online.

## They don't know their information, now what?

All registered businesses can look up their Business Registration number on [Data.sf.org](http://Data.sf.org).

Direct to data:

<https://data.sfgov.org/Economy-and-Community/Registered-Business-Locations-San-Francisco/g8m3-pdis/data>

Overview page:

<https://data.sfgov.org/browse?category=Economy+and+Community>

## Why Non-profits?

All entities that conduct work in SF for seven (7) or more days must register, even if they don't pay. In addition, the information is used related to minimum wage and healthcare compliance by the Office of Labor Standards. Finally, many, while non-profit, still have taxes to pay.

## Supplier PAID – Now What?

FSP is updated nightly. If fully paid, the Supplier status will be updated within 24 hours.