

## **FAQ Capitol District Business Occupation Tax**

**1. Why is this tax being implemented?**

*Pursuant to the authority of Neb. Rev. Stat. 18-2142.02, as amended, and at the request of the property owners located with the Enhanced Employment Area, the city is authorized to levy and collect a general business occupation tax upon businesses and users of space within the Enhanced Employment Area for the purpose of paying all or any part of the costs and expenses of the Redevelopment Project within the Enhanced Employment Area.*

**2. Will the tax be permanent?**

*No. The occupation tax imposed by this ordinance shall terminate on December 31<sup>st</sup>, 2037.*

**3. Who is subject to the tax?**

*Upon the issuance of a certificate of occupancy for a Business located within the Enhanced Employment Area there shall be imposed a general business occupation tax upon each and every person operating a business therein.*

**4. What is subject to the Business Occupation Tax?**

*Such tax shall be imposed on the gross receipts resulting from the sale, lease, or rental of any products, rooms, units, or services within the Enhanced Employment Area*

**5. How much is the tax?**

- a. .50% (one half of one percent) of the gross sales of all retail, restaurant, or hotel businesses located in the Capitol District Redevelopment Project Area*
- b. .30% (three tenths of one percent) of the gross sales of all retail, restaurant, or hotel businesses located in the South Capitol District Area*
- c. \$0.25 (twenty-five cents) per square foot (gross) of commercial office space area not occupied by retail, restaurant, or hotel businesses, with optional increases not greater than 2% on an annual basis*
- d. \$95.00 per year for each residential apartment, with optional increases not greater than 2% on an annual basis*

**6. How do I know if I'm located in the Redevelopment Project Area or the South District?**

*The City Council has determined that the Redevelopment Project Area shall be bounded by 10<sup>th</sup> street on the East, 12<sup>th</sup> street on the West, Capitol Avenue on the South, and Interstate 480 on the North. The city has designated the area bounded by 9<sup>th</sup> street on the East, 11<sup>th</sup> street on the West, Dodge Street on the South, and Capitol Avenue on the North to be called the South District.*

**7. Are there any exemptions?**

*Such tax shall not be imposed on any transaction which is subject to tax under Sections 53-160, 66-489, 66-489.02, 66-4, 140, 66-4, 145, 66-4, 146, 77-2602, or 77-4008, or which is exempt from tax under section 77-2704.24.*

**8. How does my business file the tax?**

The Capitol District tax may be filed manually through the submission of the Capitol Tax Form. All forms shall be mailed or hand delivered with the calculated amount to the below address.

City of Omaha  
1819 Farnam St  
Room H10  
Omaha, NE 68183

**9. When is the return due?**

Payments shall begin the month that the business receives its certificate of occupancy, and for each and every month thereafter; except for rental apartments which are due on an annual basis. The forms shall be prepared and mailed or delivered on or before the 25<sup>th</sup> of the following month. The return shall be considered on time if mailed in an envelope postmarked before midnight of the 25<sup>th</sup> of the appropriate month.

**10. Is there a late fee?**

Yes. If any business fails to make a payment or is deficient in its payment of taxes there will be an interest rate of one percent (1%) added to the delinquent taxes and a penalty equal to ten percent (10%) thereof.

**11. What if I refuse to pay the tax?**

The ordinance states that the director shall make an estimation based upon such information as may be reasonably available of the amount of taxes due for the period or periods for which the business is delinquent if any business neglects or refuses to file a return. This estimated amount will also be subject to the standard late fees. Under this ordinance it's unlawful to not pay the Business Occupation Tax.

**12. What if I pay an occupation tax already, does this exempt me from this? (I.E. – Restaurant, Tobacco, Hotel, Telephone)**

No. This tax is in addition to all taxes that the business is subject to with exemptions to the aforementioned statutes.

**13. Do I now pay these taxes in one payment?**

No, each tax shall be paid separately but when calculating sales tax they will be added together to figure the total cost.

**14. How is the tax calculated?**

**Example 1:** If your business doesn't already pay an Occupation Tax and is subject to Tax (A) or (B) in number five of this FAQ document this is how you'll calculate the Business Occupation Tax.

Sale of product:	\$100.00
.50% Occupation tax	- <u>.50 (a)</u>
Total	\$100.50
Total	\$100.50
7% sales tax	+ <u>7.04(b)</u>
Total cost to the customer	\$107.54

Amount remitted to the City of Omaha **\$ .50 (a)**

Amount remitted to the State of Nebraska **\$ 7.04(b)**

**Example 2:** If your business is subject to an Occupation Tax set by the city and you're subject to Tax (A) or (B) in number five of this FAQ document this is how you'll calculate the Occupation Taxes.

**Example for businesses subject to Restaurant Tax:**

Meal and beverage cost:	\$100.00		100.00
2.5% restaurant tax	x <u>2.50% (a)</u>	.50% Business Tax	x <u>.50% (b)</u>
Total Restaurant Tax	\$2.50	Total Business Tax	\$ .50
Total cost of the meal		\$103.00	
7% sales tax		+ <u>7.21(c)</u>	
Total cost to the customer		\$110.21	

**There is no collection fee for the Capitol Occupation Tax**

Calculation of amount sent to the City	
2.5% food and beverage tax	\$ 2.50(a)
Less: collection fee of 2%	- <u>.05</u>
	\$ 2.45

Amount remitted to the City of Omaha	
Restaurant Tax	<b>\$ 2.45(a)</b>
Capitol District Tax	<b>\$ .50(b)</b>

Amount remitted to the State of Nebraska **\$ 7.21(c)**

**15. If I have other questions, who can I contact?**

Questions should be directed to the City of Omaha Finance Department at 444-5451 or 444-5472.