



Treasurer & Tax Collector

CITY AND COUNTY OF SAN FRANCISCO

José Cisneros
TREASURER

10/8/2025

[REDACTED]

RE: Advance Written Determination for [REDACTED] Corporation
Business Account Number (BAN): [REDACTED]

Dear [REDACTED],

This letter is in response to your Advance Written Determination (“AWD”) Request dated July 8, 2025, seeking guidance as to whether the business activities of [REDACTED] Corporation (“Taxpayer”) should be classified under Category 5 or Category 6 of Section 953.24 or 953.25, respectively, for purposes of the Gross Receipts Tax in Article 12-A-1, the Homelessness Gross Receipts Tax in Article 28, and the Overpaid Executive Gross Receipts Tax in Article 33 of the San Francisco Business and Tax Regulations Code.

I. FACTS

Taxpayer states that it is a technology company that [REDACTED]. Taxpayer’s products suite includes [REDACTED]. Taxpayer asserts that it functions as a technology service provider, not a traditional [REDACTED], and its primary revenue source is management fees.

[REDACTED]

[REDACTED]

Product features include:

[REDACTED]

Users access and manage their [REDACTED] through Taxpayer's digital platform, available via Taxpayer's website and mobile app.

Taxpayer states that it acts as a technology-driven facilitator. Taxpayer originates and manages the client relationship, designs the user experience, and leverages software [REDACTED]

Taxpayer primarily generates revenue from [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Clients engage with Taxpayer's [REDACTED] products through Taxpayer's digital platform, available via Taxpayer's website and mobile app.

[REDACTED]

[REDACTED]

Taxpayer generates revenue from [REDACTED]

Other Services Provided:

[REDACTED] Taxpayer also generates revenue from the following services:

[REDACTED]

For these services, Taxpayer leverages its existing technological infrastructure and client relationships to offer additional functionalities. These services are integrated into Taxpayer's platform, enhancing the digital experience and providing comprehensive solutions that go beyond [REDACTED]

II. TAXPAYER'S POSITION

Taxpayer has historically filed under the "Financial Services" business classification for the San Francisco Annual Business Tax Returns. Taxpayer now asserts that its business activities are more

accurately described under the North American Industry Classification System as defined in Section 952.4 of the Business and Tax Regulations Code (“NAICS”) Code 51 (Information), and therefore should be classified under Category 5. Taxpayer further contends that its revenue is from management fees for software delivery, and differs from [REDACTED] (in Category 6).

III. ISSUES

Should Taxpayer’s business activities be classified under Category 5 or Category 6 for purposes of the Gross Receipts Tax, the Homelessness Gross Receipts Tax, and the Overpaid Executive Gross Receipts Tax?

IV. HOLDING

1. Taxpayer’s [REDACTED] are described in NAICS Code 523 (Securities, Commodity Contracts, and Other Financial Investments and Related Activities). Therefore, these gross receipts should be classified under Category 6 for purposes of the Gross Receipts Tax, the Homelessness Gross Receipts Tax, and the Overpaid Executive Gross Receipts Tax. (Business and Tax Regulations Code Section 953.25(b).)
2. Taxpayer’s [REDACTED] is described in NAICS Code 5222 (Nondepository Credit Intermediation). Therefore, these gross receipts should be classified under Category 5 for purposes of the Gross Receipts Tax, the Homelessness Gross Receipts Tax, and the Overpaid Executive Gross Receipts Tax. (Business and Tax Regulations Code Section 953.24(b).)

V. DISCUSSION

Pursuant to November 2024 Proposition M, San Francisco Gross Receipts Tax rates vary for most taxpayers based on a taxpayer’s gross receipts and business activity category. Each business activity category is defined by reference to the business activities described in the North American Industry Classification System (NAICS) as adopted as of January 1, 2022. There are seven business activity categories in total, two of which are relevant to the AWD here:

- **Category 5** includes business activities described in NAICS Codes: 51 (Information), 5222 (Nondepository Credit Intermediation), 5223 (Activities related to Credit Intermediation), 533 (Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)), 54 (Professional, Scientific, and Technical Services) but not 541714 (Research and Development in Biotechnology (except nanotechnology)), 55 (Management of Companies and Enterprises), 562 (Waste Management and Remediation Services), 61 (Educational Services), 62 (Healthcare and Social Assistance), and all other business activities not otherwise exempt and not elsewhere subjected to a gross receipts tax rate or the administrative office tax.
- **Category 6** includes business activities described in NAICS Codes: 521 (Monetary Authorities–Central Bank), 5221 (Depository Credit Intermediation), 523 (Securities,

[REDACTED] Taxpayer also [REDACTED]
[REDACTED] These services are integrated into Taxpayer's platform, enhancing the digital experience and providing comprehensive solutions that go beyond [REDACTED]. This activity also is described in NAICS Code 523 (Securities, Commodity Contracts, and Other Financial Investments and Related Activities), which comprises establishments primarily engaged in [REDACTED].

The use of software and automation does not exclude these services from being considered [REDACTED] activities under San Francisco's gross receipts tax framework. Whether the service is provided by a human or through a proprietary algorithm, the core business activity remains financial in nature - specifically, [REDACTED]
[REDACTED]

[REDACTED]
[REDACTED] These fee structures indicate that the substance of the Taxpayer's business model is [REDACTED], not software licensing or information dissemination.

Therefore, Taxpayer's [REDACTED] are described in NAICS Code 523 (Securities, Commodity Contracts, and Other Financial Investments and Related Activities) and should be classified under Category 6 for purposes of the Gross Receipts Tax, the Homelessness Gross Receipts Tax, and the Overpaid Executive Gross Receipts Tax.

2. Taxpayer's [REDACTED] is described in NAICS Code 5222 (Nondepository Credit Intermediation) and is therefore classified under Category 5.

Taxpayer offers a [REDACTED]
[REDACTED] These services are integrated into Taxpayer's platform. These activities are described in NAICS Code 5222 (Nondepository Credit Intermediation), which covers establishments engaged in [REDACTED].

Again, the fact that the Taxpayer uses software to facilitate these services does not alter the fundamental nature of the activities, which are financial in character. Here, the receipts associated with the [REDACTED] are described in NAICS Code 5222. Activities

described in NAICS Code 5222 are in Category 5 for the Gross Receipts Tax, the Homelessness Gross Receipts Tax, and the Overpaid Executive Gross Receipts Tax purposes under November 2024 Proposition M. Accordingly, Taxpayer's [REDACTED] is classified under Category 5.

VI. CONCLUSION


Solely for purposes of determining the classification of Taxpayer's business activities under Sections 953.20 through 953.26 of Article 12-A-1 of the Business and Tax Regulations Code, Taxpayer's [REDACTED] are described in NAICS Code 523 (Securities, Commodity Contracts, and Other Financial Investments and Related Activities) and are therefore classified under Category 6, while its [REDACTED] is described in NAICS Code 5222 (Nondepository Credit Intermediation) and is therefore classified under Category 5.

This AWD is issued under the Business and Tax Regulations Code Section 6.25-1, and relates only to the Gross Receipts Tax in Article 12-A-1, the Homelessness Gross Receipts Tax in Article 28, and the Overpaid Executive Gross Receipts Tax in Article 33 of the Business and Tax Regulations Code, as amended by November 2024 Proposition M.

Please be advised that the tax consequences expressed in this AWD are applicable only to the named taxpayer and are based upon and limited to the facts the Taxpayer has submitted. In the event of a change in relevant legislation, a change in relevant judicial or administrative case law, or a change in the material facts or circumstances relating to the Taxpayer's request upon which this opinion is based, this opinion may no longer be applicable. It is your responsibility to be aware of these changes, should they occur, and to maintain the relevant recordkeeping for as long as germane to the subject matter of this AWD.

Failure to follow this AWD, absent a material change in relevant facts or law, may subject the Taxpayer to additional tax, interest and penalties, which penalties will not be eligible for penalty waiver because such failure will be considered to be within the taxpayer's control under the Business and Tax Regulations Code Section 6.17-4.1(a).

Respectfully,

DocuSigned by:

56AB016E521C4B1...
DAVID P. AUGUSTINE
Tax Collector