

**CITY OF LOS ANGELES  
OFFICE OF FINANCE  
TAX AND PERMIT DIVISION  
CITY CLERK'S RULING NO. 3 (NEW SERIES):  
COMMISSION MERCHANTS, COMMISSION BROKERS, COMMISSION  
AGENTS DEALING IN TANGIBLE PERSONAL PROPERTY**

Reference: Sections 21.79, 21.166 and 21.167 Los Angeles Municipal Code.

**GENERAL STATEMENT**

A commission merchant, broker or agent subject to tax under the provisions of Section 21.79 L.A.M.C. is a person who, as an independent contractor, carries on activities as follows:

- (a) For a fee, commission, charge or other compensation of any character, engages in the occupation of bringing buyers and sellers together in order that such buyers and sellers may negotiate, or who negotiates or arranges terms and conditions for buyers and sellers, for the purpose of effecting the sale of tangible personal property.
- (b) In certain categories of personal property, principally those of bulk commodities such as agricultural products, minerals, metals, etc., persons engaged as above, for the convenience of their clients or in the custom of the particular trade in which they are engaged, may, for short periods of time, take actual title to commodities and for short periods of time before, during or after transit, store or warehouse the commodities. In such cases they do not themselves do, or cause to have done, any manufacturing, refining, fabricating, milling, treating or other processing of the commodities subsequent to the time they take title.
- (c) In addition to the foregoing activities, some brokers and agents buy and sell commodities for their own account, with their profit or loss as the case may be, dependent upon the difference in the prices at which the commodities are bought and sold.

**RULING OF THE CITY CLERK**

Where a commission merchant, broker or agent engages in business only as described in (a) above the measure of the tax is the gross amount of fees, commissions or other compensation received; where a commission merchant, broker or agent engages in business as described in both (a) and (b) above the measure of the tax is the gross amount of fees, commissions or other compensation earned in transactions where no title to property is taken, plus the gross trading profits, without any deduction for trading losses, from transactions in which title to property is taken but in which title is not held, or the property is not warehoused or stored, in any particular transaction for a period longer than 48 hours, exclusive of transit. Where, as described in (c) above, a commission merchant, broker or agent buys and sells personal properties for his own account or, where a commission merchant, broker or agent takes title to personal property but where the property is held, including storage or warehousing, exclusive of actual transit, for a period longer than 48 hours in any particular transaction, separate tax or taxes under Section 21.166 and/or 21.167 according to whether the sales are made at

wholesale or retail or both, shall be required to be paid with the tax measured by the gross receipts of the sales. Demurrage in transportation is deemed to be storage.

**COMMISSION MERCHANTS, BROKERS OR AGENTS LOCATED  
OUTSIDE THE CITY**

A commission merchant, broker or agent who has his established place of business located outside the City, but who solicits or engages in transactions in the City, as described in (a) or both (a) and (b) above, is subject to the provisions of Section 21.79 with the tax measured by the fees, charges, commissions or other compensation from transactions as described in (a), plus gross trading profits earned as described in (b), attributable to activities carried on within the City. Where any out-of-City commission merchant, broker or agent engages in transactions as described in (c) above, City Clerk's Ruling No. 13 (New Series) shall apply.

I, Walter C. Peterson, CITY CLERK of the City of Los Angeles, pursuant to authority granted me in Section 21.15(h) of the Los Angeles Municipal Code, as amended by Ordinance No. 115,044, do hereby adopt and promulgate the foregoing rule and regulation as a restatement and continuation of CITY CLERK'S Ruling No. 3 adopted by me on August 11, 1953, and revised on September 26, 1956, and September 14, 1960, pertaining to the collection of Los Angeles Business Taxes and the enforcement of Article 1, Chapter 2 of the Los Angeles Municipal Code.

s/Walter C. Peterson

WALTER C. PETERSON, CITY CLERK

APPROVED:

ROGER ARNEBERGH, CITY ATTORNEY

By s/James A. Doherty

Assistant City Attorney

Date December 16, 1964