

Business License Requirements

All business entities must contact the Virginia Beach Commissioner of the Revenue's office prior to opening a business. Revenue Agents of the Commissioner of the Revenue's office interview all applicants for a business license and determine the industry classification. In accordance with Virginia State law, ***manufacturing and some nonprofit entities may qualify as tax exempt, but all entities must register with the Commissioner of the Revenue regardless of status.*** To ensure compliancy with state and local tax laws, certain classifications require additional licenses, permits or documentation to obtain a business license. Certain documentation may be required to be submitted annually. **ALL BUSINESS LICENSE APPLICATIONS MUST BE APPROVED BY THE ZONING DIVISION OF THE DEPARTMENT OF PLANNING.**

Classifications & Rates

There are 5 basic business classifications: Contracting; General Services; Professional, Financial or Real Estate Services; Retail Merchant; Wholesale Merchant. The cost of a business license is determined by gross receipts (in excess of \$100,000) and the rate applied for the business classification:

Per \$100 of Gross Revenue	
Wholesaler	.12
Contractor	.16
Retail	.20
Service	.36
Professional	.58

New business applicants must provide an estimate for gross receipts from the beginning date of the business through December 31. The first renewal for a business license is also based on an estimate for gross receipts, since the business most likely has not operated for an entire calendar year. After a business has operated for a full business license term, licenses are based on the gross receipts of the prior calendar year.

License renewals and business property returns are mailed to existing businesses during the first week of January. Payment for renewals is due on or before March 1. If payment for the current year license is not received by March 1, penalty and interest may be applied and the business is considered not licensed.

Certain businesses are required to collect and submit additional taxes, such as the meals tax. These additional taxes are referred to as trustee tax. Trustee taxes may be subject to monthly or quarterly filing, depending on the type. The trustee tax type and necessary accounts are determined during the application process. The monthly or quarterly filings of trustee taxes are submitted to the City Treasurer.

Local Trust Taxes

Trust taxes include meals, lodging, admissions, utility, and short-term rental tax. The local telecommunication utility tax is administered by the state. All businesses are registered for appropriate trust taxes when licensed. All trust tax accounts are remitted monthly, Short-term rental tax is filed quarterly. The number of accounts varies due to seasonal business.

Incentive Program

This program was instituted by city council with an effective date of January 1, 2012. The program allows qualifying businesses that anticipate gross receipts in excess of \$100,000 to pay a maximum license fee of \$50 for each of the first 2 license years. The City has approved 153 businesses since January 1, 2012, which exempted over \$62,000,000 in estimated gross receipts from taxation.

Tangible Personal Property

Business Property owned, leased, or made available for an entity to conduct business is taxed as of January 1 of each year. There are two property rates for businesses:

Business Property

40% of original cost x \$3.70 per \$100

Machinery & Tools (manufacturing)

33% of original cost x \$.000001 per \$100 (invoices for machinery & tool equipment are not mailed to companies, nor is payment requested; the equipment is registered but only for administrative purposes).

In accordance with Virginia State law, tax is not collected on a manufacturer's inventory; furniture, fixtures & equipment; or intangible property.

Audit Process

Licensed accounts including business license, trust taxes, and business property are audited approximately every four years. Audits may also be conducted for business that:

Cease operation;

Request a reclassification;

Have unresolved compliance issues;

Require adjustments due to statutory assessments.

Site visits are conducted when requested or necessitated by business practices.

Obtaining a Business License

State and local business application requirements vary depending on the business entity type:

Sole Proprietor: Individual must apply in person.

Partnership:	One of the partners may apply for a Limited Partnership with a registered copy of the Certificate of Limited Partnership filed with the Virginia State Corporation Commission. If not registered with the Virginia SCC, all partners must apply and provide a partnership agreement.
Corporation:	An officer of the company must apply for domestic corporations with a registered copy of the Certificate of Corporate Charter filed with the Virginia State Corporation Commission. <i>Foreign corporations must provide a registered copy of a Certificate of Authority to Transact Business in Virginia filed with the Virginia SCC. A Corporation/LLC Information form, listing officers and home addresses must be submitted.</i>
Limited Liability Company	A member must apply for domestic companies with a registered copy of the Articles of Organization filed with the Virginia State Corporation Commission. <i>Foreign companies must provide a Certificate of Registration of a Foreign Limited Liability Company filed with the Virginia SCC.</i> Professional companies must provide a registered copy of the Articles of Organization for a Professional Limited Liability Company filed with the Virginia SCC. A Corporation/LLC Information form, listing members and home addresses must be submitted.

The following information is required of all applicants for a business license:

- Valid picture ID, preferably a driver's license
- Social Security Number for individuals and/or a Federal ID obtained from the Internal Revenue Service (1-800-829-1040)
- Permanent Resident card ("green card"), or resident alien card, if applicable
- Beginning date of business
- Business location information. The Virginia Beach Zoning Division of the Department of Planning must approve the business location (757-385-8074). Home-based businesses must provide proof of residency and complete the "Restrictions for Home Use" form.
- Mailing address
- Phone and fax number(s) and email address(es)
- Signature (notarized if not signed before a Commissioner's Deputy)

- Assumed name registration (Each assumed name used constitutes a separate business and business license. The assumed name fee is \$10.00, payable to City of Virginia Beach.)
- Actual or estimated gross receipts
- Business license fee payable to City of Virginia Beach

Contact Information

Virginia Beach Economic Development		
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Virginia Beach Commissioner of the Revenue		
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