



Philip J. Kellam
Commissioner

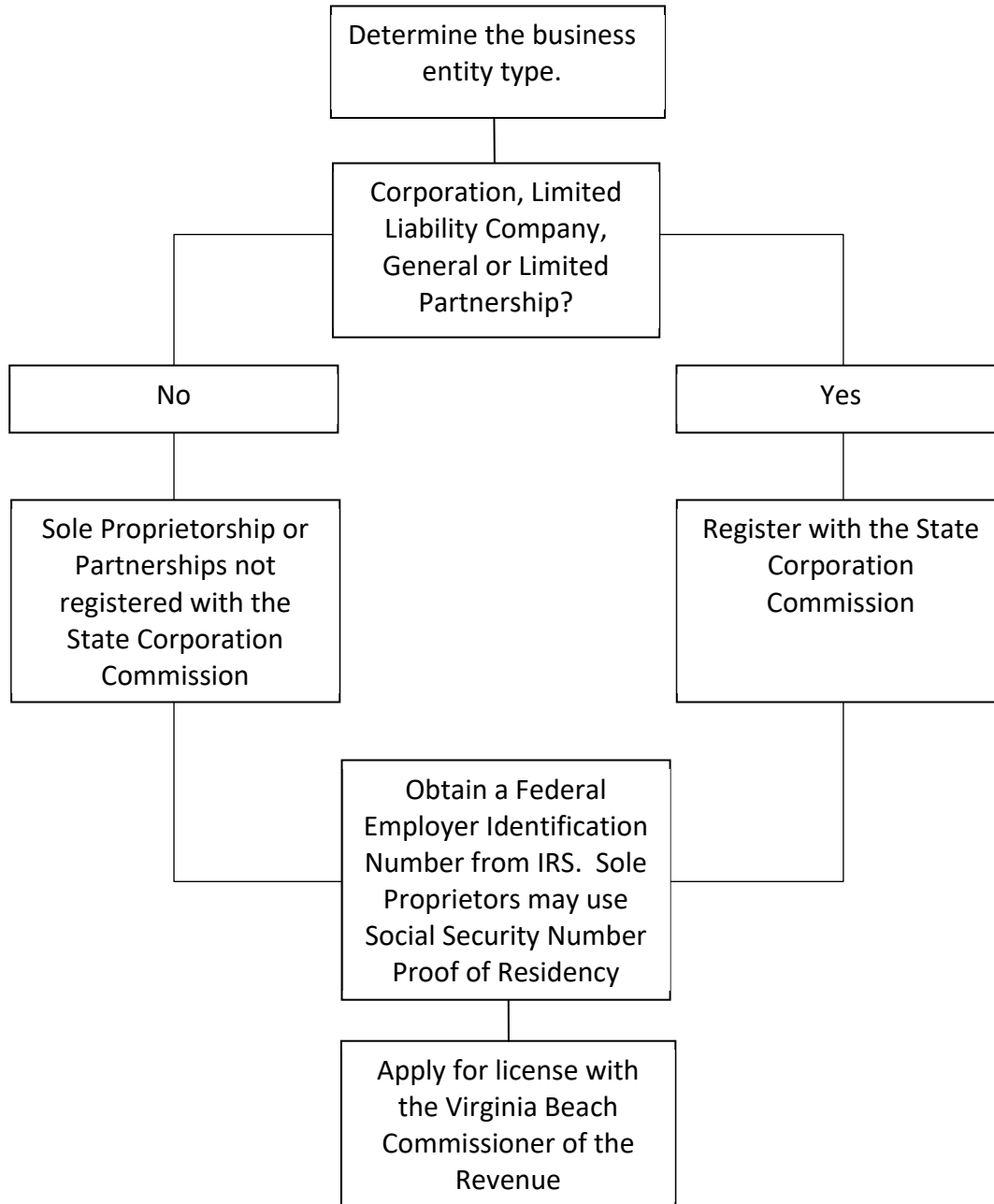
Commissioner of the Revenue

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APPLICATION PROCESS FOR CITY OF VIRGINIA BEACH BUSINESS LICENSE



OBTAINING A VIRGINIA BEACH BUSINESS LICENSE

What is a business license?

A business license is a privilege granted by local government to an individual or entity, authorizing a business to operate within the locality. A business license must be obtained before conducting business. Businesses not obtaining a license before conducting business are subject to penalty and interest.

Revenue Agents and Investigators of the Commissioner of the Revenue's office interview all applicants for a business license and determine the industry classification. Tax rates are set by City Council and vary by industrial type classification. Some manufacturing and non-profit entities may qualify as tax exempt, but all must register with the Commissioner of the Revenue.

License term

The general term for a business license is January 1 through December 31. License renewal applications are mailed to existing businesses each January. Renewals are due annually on or before March 1. Renewal applications received after March 1 may be subject to penalty and interest.

If a business closes their operations after the initial application, they should notify the commissioner's office in writing and include the date the business closed and a contact name and phone number for any questions.

Cost of license

The cost of the business license is determined by gross receipts of the business (gross purchases for wholesale merchants) and the rate applied for the industrial classification, which is determined during the interview process. The Code of Virginia (Title 58.1-3700.1) defines gross receipts to mean "the whole, entire, total receipts without deduction."

New License

A new business license is based on the business's estimated gross receipts from the beginning date of the business through December 31.

First Renewal of License

The first renewal for a business license is based on a reasonable estimate of gross if the business began date is after January 1, of the previous calendar year.

Annual Renewal of License

After a business has operated for an entire calendar year, the next business license renewal is based on the gross receipts of the prior calendar year (for businesses operating on January 1 of the prior year).

Note

Certain classifications require additional licenses, permits or documentation to obtain a license. Certain documentation may be required to be submitted annually to the Commissioner of the Revenue to ensure compliancy with state and local laws. Some license classifications require trustee tax collections which are subject to monthly or quarterly filing.

BUSINESS LICENSE APPLICATION PROCESS

A business can be owned and operated as a Sole Proprietor, Partnership – General, Partnership – Limited, Corporation or Limited Liability Company. The owner entity type will determine who can apply for the business license.

Sole-proprietorship

The person must apply. If applying by mail, all required forms must be submitted before licensing. Signatures must be notarized. A copy of acceptable photo identification must be included in the application packet.

General Partnership

All partners must apply. A copy of acceptable photo identification for each partner must be included in the application packet. A partnership agreement must be submitted prior to license being issued. The partnership agreement must be signed by all partners and notarized. The partnership agreement should include:

- Name, home address and social security number of each partner.
- The business will file a federal partnership tax return (Form 1065).
- The percentage of ownership for assets and liabilities.
- Requirements for termination of the partnership or authorizing changes to the business license information.

Limited Partnership

One of the partners must apply on behalf of the Limited Partnership with a registered copy of the Certificate of Limited Partnership filed with the State Corporation Commission. A copy of acceptable photo identification of the partner applying must be included in the application packet. If not registered with the State Corporation Commission, the partnership is a general partnership and will require a partnership agreement.

Limited Liability Company

One of the members must apply on behalf of the limited liability company with a copy of the Articles of Organization filed with the Virginia State Corporation Commission. If the Articles of Organization are not provided, a Corporate Information form indicating the officers of the corporation and their corresponding home addresses is submitted. A copy of acceptable photo identification of the member applying must be included in the application packet.

Corporation

One of the officers must apply on behalf of the corporation with a copy of the Certificate of Incorporation (otherwise known as “Corporate Charter”) filed with the Virginia State Corporation Commission. Articles of Incorporation should be provided, listing all members with each home address and phone number. If the Articles of Incorporation are not provided, a Corporate Information form indicating the officers of the corporation and their corresponding home addresses is submitted. A copy of acceptable photo identification of the officer applying must be included in the application packet.

The commissioner’s staff is responsible for verifying the identity and eligibility of an applicant to obtain a business license. All applicants are required to provide:

- Picture ID (driver’s license, military ID or passport)
- SSN or EIN
- Signature on application which states “I the undersigned, so swear (or affirm) that the forgoing figures and statements are true, full and correct to the best of my knowledge.” If applying by mail, signatures must be notarized.

Letters of Authorization

Letters of authorization to conduct business on one's behalf are accepted. The letter must indicate the authorized person's full name, specify permission for business licenses purposes and be signed by the owner, partner, member or officer and the document must be notarized. It is preferred that the license application be completed, signed by the owner, member, or officer and notarized. If necessary, the authorized person may sign the license application. With either scenario, acceptable forms of photo identification of the person granting authorization as well as the designated authorized person must be obtained and included in the application packet.

Minors

Licenses are not provided to minors. A parent or legal guardian must apply for the business license, they will be liable for all business activities. Both names are included on the application and license issued.

NECESSARY APPLICATION INFORMATION

The business license application must be thoroughly completed before processing. Application packets should be complete, including a copy of the applicant's photo identification and any pertinent compliancy documentation.

Business Began Date

The actual beginning date of the business. This is the date you hold yourself out for business by advertising, soliciting clients.

SSN (Social Security Number) or EIN (Federal Employer Identification Number)

This information is required before a license account can be created. If a business entity is a sole proprietor, then use the individual's social security number. If the business entity is a general partnership, all partners' social security numbers are indicated. If the business entity is a limited partnership, limited liability company or corporation, an Employer's Identification Number (Federal Identification Number) issued by the IRS is used.

Applicant Name

The full name of the individual applying and signing the business license application. Individuals must be a U.S. citizen or produce the evidence of being a legal alien.

Business Entity Name

Indicates owner entity. Sole proprietor ownership will be the individual's full name. For general partnerships, the full names of all partners are listed. Otherwise, use the limited partnership, limited liability company or corporation name as indicated by the Virginia State Corporation Commission.

Intended Business Name (Trade Name)

If the business uses a name other than the exact name of the owner entity, then registration of the trade name must be completed.

Trade Name Information (aka Assumed Name, Fictitious, or Trade Name)

Beginning January 1, 2020, the State Corporation Commission will exclusively register and record the fictitious, assumed, and trade names. A business license cannot be issued until the name is registered and recorded.

Mailing Address

The address for all business-related documentation to be sent. License renewals, business tangible property, monthly trustee tax forms or any other correspondence are sent to this address.

Business Address

The business address is the physical address where business activities are conducted or where they are directed and controlled. The Zoning Division of the Planning Department must approve all business applications based on the location and classification. All business addresses should be within Virginia Beach unless the business is obtaining a license as an out-of-town contractor. If the business is operating from a commercial location, it is preferred that a copy of the lease or rental agreement is provided. If the business is operating from a residence, proof of residency is required. In addition to proving residency, a Restrictions for Home Use form must be signed by the applicant.

INDUSTRY CLASSIFICATION TYPES AND RATES

License Classifications are determined by the commissioner's staff after completing the interview process.

Contracting

Construction contractors and estate investors who buy property and renovate or construct to sell.

- \$25 fee if the annual gross receipts do not exceed \$25,000
- \$40 fee if the annual gross receipts do not exceed \$100,000
- \$50 fee if the annual gross receipts do not exceed \$200,000
- If the annual gross receipts exceed \$200,000, a rate of \$0.16 per \$100 is applied.

General services

All personal, business and other services.

- \$25 if the annual gross receipts do not exceed \$25,000
- \$40 if the annual gross receipts do not exceed \$100,000
- \$50 if the annual gross receipts do not exceed \$200,000
- If the annual gross receipts exceed \$200,000, a rate of \$0.36 per \$100 is applied.

Professional, financial or real estate services

Services that require professional knowledge and specialized prolonged instruction.

- \$25 if the annual gross receipts do not exceed \$25,000
- \$40 if the annual gross receipts do not exceed \$100,000
- \$50 if the annual gross receipts do not exceed \$200,000
- If the annual gross receipts exceed \$200,000, a rate of \$0.58 per \$100 is applied.

Retail merchant

Sale of goods, wares and merchandise for end use or consumption by the purchaser.

- \$25 if the annual gross receipts do not exceed \$25,000
- \$40 if the annual gross receipts do not exceed \$100,000
- \$50 if the annual gross receipts do not exceed \$200,000
- If the annual gross receipts exceed \$200,000, a rate of \$0.20 per \$100 is applied.

Wholesale merchant

Sale of goods, wares and merchandise for resale - some sales to government, industrial or commercial end users may be considered wholesale sales.

- \$25 if the annual gross purchases do not exceed \$25,000
- \$40 if the annual gross purchases do not exceed \$100,000
- \$50 if the annual gross purchases do not exceed \$200,000
- If the annual gross purchases exceed \$200,000, a rate of \$0.12 per \$100 is applied.

Community Event

Pursuant to the Virginia Beach City Code, Section 18-108, any organization hosting an event and meeting the criteria established by the City Council of Virginia Beach may obtain a Community Event license from the Commissioner of the Revenue for \$10 per merchant or vendor provided that, the minimum license shall not be less than \$50 nor shall not exceed \$500.

Itinerant Merchant

Pursuant to the Virginia Beach City Code, Section 18-108, any person who engages in, or transacts any temporary or transient business in the City of Virginia Beach for the sale of goods, wares, merchandise, or services must obtain an Itinerant Merchant license from the Commissioner of the Revenue for \$500.

Signatures

All applications must be signed and dated by the applicant(s). If applying by mail, the signature must be notarized.

State/City regulations based upon business activity

Certain classifications require compliance with certain state or city laws, such as proof of Health Department registration for a restaurant. Please contact the commissioner's office for specific requirements.

Trustee Tax

If the business is required to remit trustee taxes, we will set up your account through the business license application process and the treasurer's office will mail the monthly trustee tax forms.

Persons who are considered trustees of admissions, meals, lodging, cigarette, and utility taxes are responsible for reporting and remitting the tax to the city on or before the 20th day of the month following the collection of tax. Persons who are considered trustees of daily rental taxes are required to report and remit these taxes to the city on a quarterly basis.

Example: If a restaurant opens on October 29th, the meals tax collected on the 29th, 30th and 31st will be due on November 20th.

Business Property

Every taxpayer operating a business in the City of Virginia Beach on January 1 is required to file a Tangible Personal Property Return annually on or before March 1. All furniture, fixtures, furnishings, hand or power tools, machinery, operating equipment, and all other tangible property, including personal items used to conduct the business qualifies as business property. The taxpayer shall submit a schedule of fixed assets, grouped according to year acquired and original cost. All furniture and equipment owned must be reported, even if fully depreciated on the federal tax schedule. Property is assessed at 40% of the original cost. The tax rate is \$4 per \$100 of assessed value. Manufacturing property is assessed at 33% of the original cost. The tax rate is one millionth of one cent (.0001) per \$100 of assessed value. Manufacturing companies are only required to list machinery and tools involved in the manufacturing process. Non-profit organizations are subject to business property taxation unless granted exemption by the Virginia Beach City Council. Nonprofit organizations can contact our office for the exemption application.

Audits

Each business may be audited by the Commissioner of the Revenue's office. Books and records that reflect your business transactions will be required for the audit.

HELPFUL RESOURCES

ABC Board www.abc.virginia.gov Central Office 804.213.4565 Regional Office 757.424.6700	Economic Development www.yesvirginiabeach.com 800.989.4567
Board of Contractors www.dpor.virginia.gov 804.367.8511 Contractors (804) 367-8506 Architects & Engineers	IRS www.irs.gov 800.829.4933
Board of Nursing www.dhp.state.va.us 804.367.4515	Police Department – Virginia Beach www.vbgov.com 757.385.8179
Commissioner of the Revenue www.vbgov.com/cor Business Taxpayers Division 2401 Courthouse Drive Virginia Beach, VA 23456 Phone: 757.385.4515 Fax: 757.385.4183 business@vbgov.com	Risk Management www.vbgov.com/finance 757.385.4217
Department of Agriculture State of Virginia www.vdacs.virginia.gov 804.786.3523 Consumer Protection 757.363.3840 Food Establishments 804.786.1309 Donations 804.225.4601 Health Clubs	SCC State Corporation Commission www.scc.virginia.gov 804.371.9733 866.722.2551
Department of Social (Human) Services www.dss.virginia.gov 757.491.3990	SCORE Counselors to America’s Small Business www.score.org 800.634.0245
Department of Taxation www.tax.virginia.gov 804.367.8037	SEAFO Special Events and Film Office 757.385.4800
Environmental Health City of Virginia Beach Pembroke Corporate Health Center III 4452 Corporation Lane, 2 nd Floor Virginia Beach, VA 23462 757.518.2646	Zoning www.vbgov.com/zoning 757.385.8074