



Philip J. Kellam
Commissioner

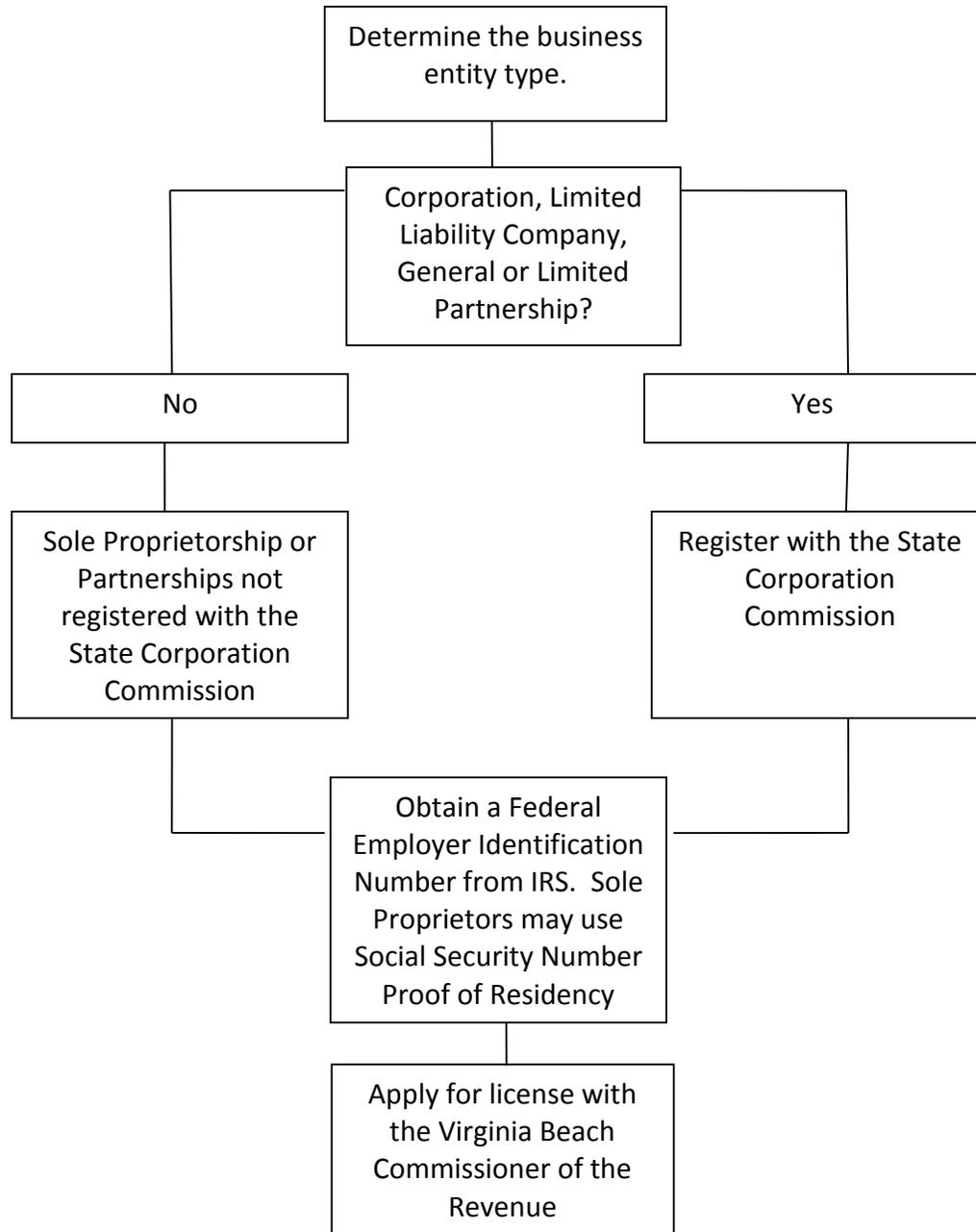
Commissioner of the Revenue

City Hall
Virginia Beach, VA 23456-9002



VBgov.com/cor

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 commissioner’s staff is responsible for verifying the identity and eligibility of an applicant for them 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.
- Disclose citizenship status*

*The applicant must be a U.S. citizen or provide documentation that they have legal residency in the United States. A permanent residence card is evidence that the applicant is a lawful resident with the right to live and work in the U.S. If not a permanent resident, the following must be obtained, copied and included in the application packet:

- Alien registration card or a “green card” or resident alien card
- Picture ID (driver’s license, DMV Identification card, or passport)

If the business is a partnership, corporation or limited liability, U.S. citizenship or legal residency must be provided for at least one partner, member or officer. That person must apply and a copy of acceptable photo identification must be included in the application packet.

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. U.S. citizenship or legal residency must also be established for the owner, partner, member or officer, not the authorized person. Assumed name certificates can not be signed by an authorized person.

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.

Entity Types:

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.

Partnerships:

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.

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.

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 – If an Assumed Name or Trade Name is being registered you will need to complete the Assumed Name Certificate in black ink only and the fee to register with the Clerk of Circuit Court is \$10.00. For Trade Names which are already registered, provide a copy of the receipt or we can print the information from the Virginia Beach Circuit Court Clerk website at www.vblandrecords.com.

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 – 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. If the business is operating from a commercial location, it is preferred that a copy of the lease or rental agreement is attached to the application packet if applying in person; if applying by mail a copy of the lease or rental agreement is preferred. If the business is operating from a residence, proof of residency is required.

In addition to proving residency, the Restrictions for Home Use form must be signed by the applicant who is using his residence to conduct his business activity.

All business addresses should be within Virginia Beach unless:

- The business is obtaining a license as an out of town contractor.

License Classifications –Are determined by the commissioner’s staff after completing the interview process.

Industry classification types and rates:

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

- \$40.00 fee if the annual gross receipts do not exceed \$25,000.00
- \$50.00 fee if the annual gross receipts do not exceed \$100,000.00
- If the annual gross receipts exceed \$100,000, a rate of \$0.16 per \$100 is applied.

General services: All personal, business and other services.

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

Professional, financial or real estate services: Such services that require professional knowledge and specialized prolonged instruction.

- \$40 if the annual gross receipts do not exceed \$25,000
- \$50 if the annual gross receipts do not exceed \$100,000
- If the annual gross receipts exceed \$100,000, 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.

- \$40 if the annual gross receipts do not exceed \$25,000
- \$50 if the annual gross receipts do not exceed \$100,000
- If the annual gross receipts exceed \$100,000, 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.

- \$40 if the annual gross purchases do not exceed \$25,000
- \$50 if the annual gross purchases do not exceed \$100,000
- If the annual gross purchases exceed \$100,000, 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 \$10.00 per merchant or vendor provided that, the minimum license shall not be less than \$50.00 nor shall not exceed \$500.00.

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 \$500.00.

Signatures

All applications must be signed and dated by the applicant(s). If submitting 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 thru 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 \$4.00 per \$100.00 of assessed value.

Manufacturing property is assessed at 33% of the original cost. The tax rate is one millionth of one cent (.000001) 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

Board of Contractors

www.dpor.virginia.gov
804.367.8511 Contractors
(804) 367-8506 Architects & Engineers

Board of Nursing

www.dhp.state.va.us
804.367.4515

Commissioner of the Revenue

www.vbgov.com/cor
Business Revenue
2401 Courthouse Drive
Virginia Beach, VA 23456
Phone: 757.385.4515
Fax: 757.385.4183
business@vbgov.com

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

Environmental Health

City of Virginia Beach
Pembroke Corporate Health Center III
4452 Corporation Lane, 2nd Floor
Virginia Beach, VA 23462
757.518.2646

Department of Social (Human) Services

www.dss.virginia.gov
757.491.3990

Department of Taxation

www.tax.virginia.gov
804.367.8037

Economic Development

www.yesvirginiabeach.com
800.989.4567

IRS

www.irs.gov
800.829.4933

Police Department

www.vbgov.com
757.385.8179

Risk Management

www.vbgov.com/finance
757.385.4217

SCC

State Corporation Commission
www.scc.virginia.gov
804.371.9733
866.722.2551

SCORE

Counselors to America's Small Business
www.score.org
800.634.0245

SEAFO

Special Events and Film Office
757.385.4800

Zoning

www.vbgov.com/zoning
757.385.8074