

Opening a Business— A Guide to License & Tax Requirements

⇒ Business License

The commissioner of the revenue assesses a business license tax on the privilege of conducting business within Chesterfield County. The tax applies to most businesses within the County, including home-based businesses.

License(s) must be obtained prior to beginning business. A late payment penalty of up to 10% (subject to a minimum penalty) and interest will be imposed if the license is not obtained within one month of the start of business. Renewal applications and payments must be filed annually on or before March 1.

1. Complete the [Application for Chesterfield County Business License](#).
2. Complete the [Business License Classification Questionnaire](#). *Note:* All applicants are responsible for ensuring that the business location is properly zoned for the intended use. Contact the Planning Department at (804) 748-1050 for more information on zoning.
3. Remit these forms along with your payment and any required attachments to: Commissioner of the Revenue, Attn: Business License, PO Box 124, Chesterfield, VA 23832-0124.

⇒ Registering a Trade Name

If you will be operating a business under an assumed or fictitious trade

name, visit the Office of the Clerk of the Circuit Court in person at the Chesterfield County courts building. Trade names which include the sole proprietor's last name do not need to be recorded. Trade names using only an individual's initials, or which use any other fictitious names that differ from the actual sole proprietor, partnership, LLC, or corporate name, must be recorded with the clerk's office; and proof of registration must be submitted to the commissioner of the revenue before a business license may be issued. Clerk's Office: (804) 748-1241; business hours are M—F 9:00—4:00.

⇒ Contractors

If you accept individual contracts of \$1,000 or more, or if you have total gross receipts in excess of \$150,000 during any 12-month period, you must register with the State Board for Contractors. Contractors subject to this requirement must provide the **State Board registration number** on their business license applications. Also, all contractors must complete and submit a [Contractor's Certification of Insuring Liability for Workers' Compensation in Virginia](#) form to the commissioner of the revenue before a business license may be issued.

For questions on *state* requirements, contact:

Virginia Board for Contractors
9960 Mayland Dr.
Richmond, VA 23233
(804) 367-8511 www.dpor.virginia.gov

⇒ Registering a Corporation, Limited Partnership, or Limited Liability Company

All corporations, limited partnerships, and limited liability companies conducting business in Virginia must register with the State Corporation Commission. For more information, contact:

State Corporation Commission
PO Box 1197
Richmond, VA 23218
Phone: (804) 371-9733 or (866) 722-2551
www.scc.virginia.gov

⇒ Federal Employer Identification Number (FEIN)

Every employer is required to have a federal employer identification (FEIN) number. To apply for the number, file Federal Form SS-4, which can be obtained from the Internal Revenue Service at (800) 829-1040 or www.irs.gov.

⇒ Business Tangible Personal Property Tax

Chesterfield County levies a tax on all tangible personal property used or available for use in a trade or business and sited (located for tax purposes) in Chesterfield as of January 1 of each tax year. This tax applies to furniture, equipment, and tools

(including computers), even if such assets were obtained and used for personal use prior to opening the business. A [Return of Business Tangible Personal Property](#) must be filed annually by March 1 for all equipment (leased or owned) that was used or available for use in business in Chesterfield as of January 1 of that year.

⇒ Machinery and Tools Tax

All entities owning machinery and tools used in manufacturing, processing, mining, radio or television broadcasting, water-well drilling, dairy, dry cleaning, or laundry businesses sited in Chesterfield County on January 1 must report such property annually by March 1 on a [Return of Machinery and Tools](#). All other tangible personal property (except motor vehicles) that is used by any such business (except processors) is deemed to be intangible property and is exempt from local taxation.

⇒ Other Local Taxes

- **Transient Occupancy Tax**—applies to lodging at hotels, motels, bed-and-breakfast facilities, trailer parks, and campgrounds for periods of less than 30 consecutive days. The tax rate is 8% of the charge for the room or space only.
- **Short-term Rental Tax**—applies to the gross rental charge for rentals, by certified short-term rental businesses, of tangible personal property for periods of 92 consecutive days or less. The tax rate is 1% of the rental charge.

⇒ State-Collected Taxes

- **Retail Sales Tax**—Every individual, partnership, LLC, or corporation engaging in business as a **retail merchant** in Virginia must register with the Virginia Department of Taxation by filing the [Business Registration Application](#) (Form R-1), which is available in our office at the Business License counter. Retail merchants must collect the taxes and remit them to the Virginia Department of Taxation, either monthly or quarterly depending on the volume of business.
- **Use Tax**—applies to the use, consumption, or storage of tangible personal property in Virginia when the Virginia sales or use tax is not paid at the time of purchase. *Usually applies to business equipment purchased out of state.*
- **Communications Sales Tax**—Providers of landline and wireless telephone service (including E-911 service) and cable television service must collect and remit a 5% sales tax to the Department of Taxation.

- **State Income Taxes**—State income taxes for businesses (including partnerships, corporations, and employees' income withholdings) are administered by the Virginia Department of Taxation.

For more information on taxes collected or administered by the Commonwealth of Virginia, contact:

Virginia Department of Taxation
Attention: Customer Service
PO Box 1115
Richmond, VA 23218
(804) 367-8037 www.tax.virginia.gov

➔ **Virginia Unemployment Tax**

The Commonwealth of Virginia levies taxes on employees' wages. The employer pays the state tax into a fund from which unemployment benefits are paid. For more information, contact:

Virginia Employment Commission
703 E. Main Street
Richmond, VA 23219
(804) 786-1485 www.vec.virginia.gov

➔ **Federal Taxes**

Employee Taxes—Employers are required to withhold **Social Security (FICA) taxes** from the wages of employees, and are responsible for the taxes whether or not they have been collected. Employers are also required to withhold **income taxes** at the request of the employee.

Unemployment Tax—This tax, known as FUTA, is assessed only on the employer. Annual tax returns must be filed.

Individual, Partnership, and Corporate Income Taxes—Individuals engaged in a business activity (and owners of "disregarded" single-member LLCs) must file a **Schedule C** (Profit or Loss from a Sole Proprietorship) with their individual income tax returns. Partnerships (and owners of most multi-member LLCs) file **Form 1065** (Partnership Income or Loss), with each partner's share of the taxable income or loss then being distributed to each partner's individual income tax return. Corporations should file **Form 1120** (US Corporation Income Tax Return) or **1120S** (US Subchapter S Corporation Income Tax Return). For more information consult your tax advisor, or contact the Internal Revenue Service:

Internal Revenue Service
400 N. 8th Street
Richmond, VA 23219
(800) 829-1040—general information
(800) 829-3676—publications and forms
www.irs.gov



TIMOTHY M. MCPETERS
COMMISSIONER

COMMISSIONER OF THE REVENUE
9901 LORI ROAD, ROOM 165
PO Box 124
CHESTERFIELD, VA 23832-0124
(804) 748-1281
COR@CHESTERFIELD.GOV
WWW.CHESTERFIELD.GOV/COMREV
OFFICE HOURS: 8:30–5:00 M-F

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