

# *Accomack County Business License Frequently Asked Questions*

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## **WHAT IS A BUSINESS LICENSE?**

The County extends the privilege to engage in business by issuing a business license. Persons without a business license may not lawfully engage in business. Persons that obtain a license are required to display the license in a place that the public can easily view.

## **WHO IS REQUIRED TO OBTAIN A BUSINESS LICENSE?**

Requirements for who is to obtain a business license depend upon what type of business you have and where you are located. The following categories set forth the basic requirements that dictate who is to obtain a county business license.

### **A. Businesses Performing Services (Excludes Contractors which are discussed in section C)**

You are required to obtain a business license if:

- 1) You are engaged in business; and
- 2) You have a definite place of business located within the County but outside of a town requiring a town business license. A definite place of business is usually where your services are performed; however, if your services are not performed at any definite place of business then your definite place of business becomes where your services are directed or controlled. **Your personal residence is considered a definite place of business if there is no other definite place of business elsewhere.**

**A separate business license is required for each definite place of business.**

*Example 1:* A corporation operates an office inside the Town of Onancock where insurance is sold. The Town of Onancock requires a town business license. All services are performed at the office. The corporation is not required to obtain a **county** business license because a **town** business license is required.

*Example 2:* A person works as a private detective. This individual travels constantly all over the county and state. She has no office, but keeps a cellular phone and her business records in her car. Her home is located in the Town of Onley which does not require a town business license. This individual must obtain a county business license. Although she runs her business out of her car, a

person's residence is deemed to be a definite place of business if there is no other definite place of business elsewhere.

*Example 3:* Same as example 2 except the individual's home is located within the Town of Chincoteague. Because the Town of Chincoteague requires a **town** business license, this individual does not have to obtain a **county** business license.

*Example 4:* An attorney has an office in Northampton County where all management decisions are made. This attorney travels to surrounding courthouses to perform legal services. The definite place of business in this case becomes where management decisions are made because the attorney does not perform services at any particular location. Since management decisions are made at the attorney's office in another county, this attorney is not required to obtain an Accomack County business license. The attorney would be required to obtain a **county** business license if an office was also maintained in Accomack County.

*Example 5:* An individual operates a dry cleaning service and a car rental agency at two separate locations in the county. Each business is located outside of a town that requires a town business license. Services are performed at each location. This individual is required to obtain two business licenses because there are two definite places of business. One license is required for each definite place of business.

*Example 6:* Same as example 5 except both businesses are located in a single location. This individual is required to obtain one business license because there is only one definite place of business.

## **B. Retailers and Wholesalers**

You are required to obtain a business license if:

- 1) You are engaged in business; and
- 2) You have a definite place of business located within the County but outside of a town requiring a town business license. A definite place of business is usually where sales solicitation activity occurs; however if your sales solicitation activities do not occur at any definite place of business then your definite place of business becomes where your sales solicitation services are initiated, directed or controlled. **Your personal residence is considered a definite place of business if there is no other definite place of business elsewhere.**

**A separate business license is required for each definite place of business.**

Example 1: A retailer's corporate headquarters is located in the County. This retailer has stores throughout Accomack and Northampton County. Each store

maintains its own sales staff; however, all management is performed at the corporate headquarters. Because the sales solicitation activity occurs at each store, this retailer is required to obtain a business license for each separate business that is located within the county (providing none of the stores were located inside a town that requires a town business license).

*Example 2:* A decoy carver sells his creations at various decoy shows throughout the county. He has no office but keeps his business records at his residence. His home is located in the Town of Onley which does not require a business license. This individual must obtain a county business license because his residence is considered his definite place of business.

### C. Contractors

You are required to obtain a business license if:

- 1) You are engaged in business; and
- 2) You have a definite place of business located within the county but outside of a town requiring a town business license. This could be an office or workshop where services are performed or managed. **Your personal residence is considered a definite place of business if there is no other definite place of business elsewhere.**

#### OR

You do not have a definite place of business within the county but you derive gross receipts in excess of \$25,000 in one year from services you perform in the county but outside of a town requiring a town business license.

*Example 1:* A painter resides in the Town of Onley. This town **does not** require a town business license. The painter conducts business throughout the County. The painter does not have a separate office but keeps all business records at his residence. This individual is required to obtain a county business license because his residence is considered a definite place of business if there is no other place of business elsewhere.

*Example 2:* Same as above except the painter resides in the Town of Chincoteague. This town **does** require a town business license. This individual **will not** be required to obtain a county business license if services are performed only in the Town. The painter **will** be required to obtain a county license if the painter receives more than \$25,000 in gross receipts in one year from services he performs in the County but outside towns who require a business license.

## **ARE ANY BUSINESSES EXEMPT?**

There are a number of exemptions to business license requirements. The most common exemptions from business license requirements are:

- For persons selling farm, nursery, or domestic products as an incident to the sale thereof, outside the regular market houses of the county provided such products are grown or produced by the person offering them for sale
- For persons engaged in the seafood business as a working waterman who sells their catch on the wholesale market
- For most nonprofit organizations
- Owners of real property who rent said real property (other than hotels, motels, motor lodges, auto courts, tourist courts, travel trailer parks, lodging houses, rooming houses and boarding houses)
- Any bank or trust company subject to the Virginia bank franchise tax.

## **WHY DO I NEED TO OBTAIN A BUSINESS LICENSE?**

Businesses who operate without a valid county business license may be assessed a penalty of up to \$500 and a class 3 misdemeanor.

## **HOW MUCH IS A BUSINESS LICENSE?**

The cost of each business license is \$50.00.

## **HOW DO I APPLY?**

Each business must complete a business license application. Applications can be obtained from the Commission of Revenue's Office. Licenses will be mailed once a completed application is received and payment is made.

## **WHEN DO I APPLY?**

The Commissioner of Revenue must receive completed applications for existing businesses by March 1. New businesses must complete an application and receive their business license prior to engaging in business. Applications that are received late are subject to a 10% penalty.

A new business license application is required to be filed annually.

## **WHO CAN I CONTACT FOR QUESTIONS?**

You can direct questions concerning business licenses to the Commissioner of Revenue's Office at 757-787-5747 or 757-824-6451. Applications and payments should be mailed to the Commissioner of Revenue, P.O. Box 186, Accomac, Virginia 23301.