



Business, Professional, and Occupational License Tax

Are You One of Those Companies Overpaying Virginia BPOL Tax?

In the Commonwealth of Virginia, more than 100 localities subject business owners to a Business, Professional, and Occupational License (BPOL) tax for the privilege of doing business within their borders. The BPOL tax is imposed on a taxpayer's gross receipts earned from business services that occur within the municipality. The tax is due even if that business is in a tax or financial statement loss. Business services subject to BPOL tax include engineering, legal, accounting, data processing, advertising, medical, computer repair, and cleaning services, among others. It is not uncommon to find that companies are overpaying their BPOL taxes by as much as 50%.

Impact on Virginia Businesses

Since the BPOL tax is based on a business's gross receipts with very few deductions, taxpayers can accrue significant tax liabilities even in years when their business is unprofitable. This burden is compounded by the fact that information regarding how municipalities administer their BPOL tax—and the opportunities taxpayers have to save on it—is often scarce and difficult to source. As a result, Ryan has found that taxpayers often miss opportunities to reduce their BPOL tax burden. Specifically, taxpayers may be unaware of the options available to help accurately determine their taxable gross receipts in those jurisdictions where they are subject to Virginia BPOL tax.

The ability to utilize these options requires comprehensive knowledge of applicable BPOL tax regulations. Broad hands-on expertise is also needed to gather and effectively leverage the necessary data and resources. Taxpayers unfamiliar with BPOL tax procedures often fail to apply the correct tax rates to taxable revenue categories or accurately determine if they are subject to tax in a specific locality.

Virginia does not require localities to impose BPOL tax at a uniform rate. Therefore, each locality may impose its BPOL taxes at different rates, using different rules to determine how taxpayers should compute their taxes. In addition, localities often have different due dates for BPOL tax reports. These factors present serious challenges for businesses attempting to comply with Virginia's myriad of BPOL tax jurisdictions.



How Ryan Can Help

Ryan's experienced team of state and local tax professionals works with our clients to review their BPOL tax liabilities to ensure they are correctly calculated. In many instances, we find that our clients have overpaid their BPOL tax and are entitled to both refunds and lower tax payments in the future. Ryan can help taxpayers manage their BPOL tax burden in the following ways:

- Advise taxpayers regarding cost-effective opportunities to reduce their BPOL tax burdens prospectively, such as opportunities to reclassify activities from those at higher BPOL tax rates to activities taxed at lower rates.
- Review taxpayers' accounting and tax data for BPOL tax refund opportunities and assist taxpayers in obtaining refunds of overpaid tax.
- Provide taxpayers with experienced, proactive representation during BPOL tax audits.
- Properly source and reallocate activities to the proper taxing jurisdiction.



Award-Winning Tax Services

For additional information

1.855.RYAN.TAX

ryan.com