

VIRGINIA ACTS OF ASSEMBLY -- 2015 SESSION

CHAPTER 250

An Act to amend and reenact § 58.1-3710 of the Code of Virginia, relating to license tax; businesses ceasing operations.

[S 1040]

Approved March 17, 2015

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-3710 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-3710. Proration of license taxes.

A. Notwithstanding any other provision of law, general or special, and regardless of the basis or method of measurement or computation, no county, city or town shall impose a license tax based on gross receipts on a business, trade, profession, occupation or calling, or upon a person, firm or corporation for any fraction of a year during which such person, firm or corporation has permanently ceased to engage in such business, trade, profession, occupation or calling within the county, city or town. In the event a person, firm or corporation ceases to engage in a business, trade, profession or calling within a county, city or town during a year for which a license tax based on gross receipts has already been paid, the taxpayer shall be entitled upon application to a refund for that portion of the license tax already paid, prorated on a monthly basis so as to ensure that the licensed privilege is taxed only for that fraction of the year during which it is exercised within the county, city or town. The county, city or town may elect to remit any refunds in the ensuing fiscal year, and may offset against such refund any amount of past-due taxes owed by the same taxpayer. In no event shall a county, city or town be required to refund any part of a flat fee or minimum flat tax.

B. *Notwithstanding subsection A and any other provision of law, general or special, in the event that a person, firm, or corporation ceases to engage in a business, trade, profession, or calling in one year for which a license is based on gross receipts, but the person, firm, or corporation indicates to the county, city, or town that it intends to settle outstanding, existing business accounts in the year following the year in which it ceased to do business, such person, firm, or corporation shall be authorized to pay a license tax based on an estimate of gross receipts for such year, instead of a license tax based on the previous year's gross receipts. Such tax shall be subject to adjustment to the correct tax at such time as all accounts are closed. If the estimate submitted pursuant to this subsection is found to be unreasonable under the circumstances, a penalty of 10 percent of the additional license tax assessed shall be assessed. If a person, firm, or corporation that is subject to an estimated license tax under this subsection is found to continue to operate the business, for which it gave notice of the cessation of operations, during the year for which it is subject to the estimated license tax, the person, firm, or corporation shall be required to pay the full amount of the license tax due based on the previous year's gross receipts plus a penalty of 10 percent of this amount, provided that the 10 percent penalty for an unreasonable estimate of gross receipts shall not be assessed.*