

## 1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

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

4 [S 1040]

5 Approved

6 **Be it enacted by the General Assembly of Virginia:**7 **1. That § 58.1-3710 of the Code of Virginia is amended and reenacted as follows:**8 **§ 58.1-3710. Proration of license taxes.**

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

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