



# **Taxation of Lodging Establishments Hotels, Motels, Bed & Breakfasts and Inns**

**Office of the Commissioner of the Revenue  
Loudoun County**



# Local Business Tax Requirements



- ❖ Business Professional and Occupational License(s) (BPOL)
  - Hotel/Motel - Lodging
  - Personal Service - Events
  - Retail - Gift Shop/Restaurant
- ❖ Transient Occupancy Tax (TOT)
- ❖ Local Mixed Beverage License
- ❖ Business Tangible Personal Property (BTPP) Tax
  - Furniture and Fixtures Asset List
  - Computer Equipment Asset List



# Business Professional and Occupational License (BPOL)

**IMPORTANT: Due March 1 – Annually**

- ❖ **Renew Business License(s)**  
Report Gross Receipts
- ❖ **Report Business Personal Property**  
Supply updated asset lists



# Business Professional and Occupational License (BPOL)



## Hotel/Motel Business License

Renting seven (7) rooms or less

No Filing Required

Renting eight (8) rooms or more

Filing Is Required

**Tax/Fee Due: Up to \$200,000 gross receipts = \$30.00**

**Over \$200,000 gross receipts = \$.23/\$100**

(Virginia Sales Tax should be collected and remitted to the State of Virginia on sales as well)

\*Please note that regulations for Zoning are different from the regulations for Business Tax\*



# Business Professional and Occupational License (BPOL)



## Events – Personal Service Business License

Up to \$200,000 gross receipts = \$30.00

Over \$200,000 gross receipts = \$.23/\$100

Receipts from rental of property for weddings, receptions or any type of meeting where a fee is charged and annual gross receipts are over \$4,000 a year will require a Personal Service Business License regardless of whether you have a Business License for lodging or other business activities.



# Other Licenses



<u>Mixed Beverage</u> (# of Seats determined by ABC board)	<u>Fee</u>
<b>Less than 50</b>	<b>None</b>
<b>50 - 100</b>	<b>\$200</b>
<b>101 - 150</b>	<b>\$350</b>
<b>151 +</b>	<b>\$500</b>

## Gift Shop – Retail Business License

Up to \$200,000 gross receipts = \$30.00

Over \$200,000 gross receipts = \$.17/\$100

(Virginia Sales Tax should be collected and remitted to the State of Virginia on sales as well)



# Transient Occupancy Tax (TOT)



Rate: 7% of the Total Room Charge

These funds from this tax are distributed as follows:

2 % = County's General Fund

3 % = Promoting Tourism

2 % = Transportation Funding



# Transient Occupancy Tax (TOT)

**Rate: 7% of the Total Room Charge**

**Collected by establishments with lodging for 4 or more transient occupants**

**(TOT not collected on stays over 30 days)**

<u>Collections Period</u>	<u>Remittance Due</u>
January – March	April 30
April – June	July 31
July – September	October 31
October – December	January 31



# Transient Occupancy Tax (TOT) FAQ's



Loudoun County, VA - Of x  
Secure | https://www.loudoun.gov/cor

*Loudoun County* VIRGINIA  
WHERE TRADITION MEETS INNOVATION

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- Contact Business Tax Division
- Business License Tax
- Business Tangible Personal Property Tax
- Ordinances
- Business Tax Rates
- Starting a Business in Loudoun County
- Transient Occupancy Tax**
- Business Tax Appeals
- Business Tax FAQs

As the chief tax assessing officer, the Commissioner's primary duty under the Virginia § 58.1-3 is to ascertain an market value, all and personal pr Loudoun. The Office of the Commissi Revenue adminis business licens assessment, a tax relief program for p older or with disabilities, and also prov income tax filing assistance

See the Loudoun County Website for answers on specific questions about TOT



# Business Tangible Personal Property



All business owners, including home based businesses, are required to file a business tangible personal property return and current asset list annually. All property located in Loudoun County on January 1 and used or available for use in your business is taxable. This includes property owned by the business, property owned personally and used in the business on a full- or part-time basis, property received as a gift, property that is leased or rented, and property that is fully depreciated or expensed for federal tax purposes. Business tangible personal property taxes are billed semiannually and are due to be paid to the Loudoun County Treasurer by May 5 and October 5 of each year.

## Annual Renewal

Each year in January, property owners will receive a courtesy reminder notification pertaining to business tangible personal property. It is your responsibility to submit to our office your business tangible personal property information along with a current asset list by March 1. If ownership has changed, please notify the Commissioner of the Revenue's office as soon as possible so that we can notify the new owner of the need to file a declaration.

## Current Asset List

Please submit a current asset list in Excel .xls or .csv format along with your business property tax return online at [www.loudoun.gov/bppt-file](http://www.loudoun.gov/bppt-file). For each piece of business property or equipment, please include the **original purchase price, a brief description, and the year of purchase**. Include all business property located in Loudoun County, even if fully depreciated for federal tax purposes. Do not include vehicles on this list.



# Business Tangible Personal Property

- ❖ Business Personal Property is taxed as long as it is in use by a business. Once the item is disposed of, then it should be removed from the asset list and is not taxed further.
- ❖ Businesses report all business property in use as of January 1 of each year.
- ❖ B&B's that rent rooms in their own personal home should only list property that is located in the rooms that are advertised for rent.
- ❖ Areas that are shared by the owner and the customers are excluded from reporting.
- ❖ B&Bs that offer separate cottages/houses should list all assets located in those buildings such as furniture. However, all major appliances customarily used in a residential home and which are the property of the owner of the real estate are exempt from taxation including refrigerators, stoves, ranges, microwave ovens, dishwashers, trash compactors, clothes dryers, garbage disposals and air conditioning units.
- ❖ Items that are valued under \$500.00 may be consolidated into one list rather than specifically itemizing each item. This only pertains specifically to miscellaneous and incidental tangible personal property used in business not machinery and tools used by a manufacturer.



# Creating and Maintaining an Asset List



ASSET # (if used)	DESCRIPTION	LOCATION	YEAR PURCHASED	ORIGINAL COST
BR2	Bed	Blue Room	2018	\$ 573.00
BR2	Chair	Blue Room	2018	\$ 243.00
BR2	Dresser	Blue Room	2017	\$ 395.00
GR5	Bed	Green Room	2016	\$ 550.00
GR5	Chair	Green Room	2016	\$ 220.00
GR5	Dresser	Green Room	2015	\$ 360.00
RR6	Bed	Red Room	2013	\$ 430.00
RR6	Chair	Red Room	1995	\$ 95.00
RR6	Dresser	Red Room	1967	\$ 115.00

List assets by year  
Update yearly as items are added or disposed of

PURCHASE YEAR	ORIGINAL PURCHASE PRICE
2018	\$816.00
2017	\$395.00
2016	\$770.00
2015	\$360.00
2014 & Prior	\$640.00

Total by year for annual filing online at [www.Loudoun.gov/efile](http://www.Loudoun.gov/efile)



**How are antiques valued if I do not have the original cost?**



Virginia Code is specific: Business Personal Property is to be listed at the **original capitalized cost**.

Suggestions for listing older assets for which you do not have original cost information:

- ❖ List the asset's **Reasonable value** or **Estimated Fair Market Value** on purchase date or date of acquisition
- ❖ This is a self reporting process
- ❖ The Commissioner's office will help with each case as needed



# What if I never had an asset list, how can I catch up?



Example: Sunny B&B has been in operation since 1994 and just found out that they need to supply an asset list for Business Personal Property Tax. Sunny B&B has had the same assets in the rooms since 1994 and only added a couple of items recently. Some of these items are antiques that have been in the family for many years and there is no way to verify the original cost by records or receipts. The owner should assign a “reasonable value” or estimated “fair market value” to the items as of the day of acquisition. All items that have been in the rooms since 1994 would be totaled and placed in the oldest category (i.e. 2014 and prior). The other items would be totaled and entered according to year. Going forward, this same list will be updated effective every January 1 of each year subtracting any items that have been discarded from the applicable year and adding any new items to the year placed in service.

PURCHASE YEAR	ORIGINAL PURCHASE PRICE
2018	\$385.00
2017	\$140.00
2016	\$0.00
2015	\$0.00
2014 & Prior	\$6800.00

**Remember to list any asset used in your business as of January 1 of any given year.**



# **Business Tangible Personal Property**

**Current Rate \$4.20/\$100 –**

**Established annually by the Board of Supervisors**

**The tax is calculated by multiplying the property's original cost by the appropriate assessment factor determined by the year the asset is purchased and then multiplying the assessed value by the current tax rate.**

**Business owners can go to [www.Loudoun.gov/efile](http://www.Loudoun.gov/efile) to see their most recent filing amounts.**



**EXAMPLE:**

<u>Purchase Year</u>	<u>Original Cost</u>	<u>Assessment Factor</u>	<u>Assessed Value</u>
2018	\$7,000	X 50%	= \$3,500
2017	\$4,500	X 40%	= \$1,800
2016	\$5,000	X 30%	= \$1,500
2015	\$2,350	X 20%	= \$470
2014 & prior	\$155,000	X 10%	= \$15,500
<b>TOTAL</b>			<b>= \$22,770</b>

**Calculate Annual Tax Due:**  
 **$(\$22,770/100) \times \$4.20 = \$956.34$**



# **Short Term Rental Registry to open July 1, 2018**

The Board of Supervisors has established a new chapter in the codified ordinances of Loudoun County to require the annual, free registration of short-term residential rentals such as Airbnb and other online platforms and apps offering space for short-term rent in residential properties. Operators of short-term residential rentals in Loudoun will be able to register online, beginning July 1, 2018. The new ordinance is intended to help the county monitor and evaluate the growing industry of short-term residential rentals. The registry established by the ordinance creates a channel for the county to provide operators of short-term residential rentals with important business-related information and resources. This would include information about necessary permits, applicable fire regulations and the Transient Occupancy Tax, which generally applies to establishments that offer temporary lodging for four or more people at one time. Operators of short-term residential rentals who do not register with the county may face a fine of \$500 per violation.

**For the most up to date information about the short-term residential rentals initiative, please see our website:**

**<https://www.loudoun.gov/shorttermrentals>**



# Discovering Unregistered Businesses



The Commissioner of the Revenue endeavors to serve citizens and the business community by administering tax programs in a manner that is efficient, fair, equitable, and thorough while protecting the confidential information entrusted to the office. To ensure equity, the Commissioner has implemented programs to encourage voluntary compliance with tax laws, to discover businesses that may be unaware of tax obligations, and to properly assess persons and businesses that may be attempting to evade taxes. The Compliance Division staff reviews information from a variety of sources such as the internet and newspapers as well as canvassing the locality to ensure that business owners are properly registered with Loudoun County and paying the taxes they are obligated to pay. Please contact the Compliance Division if you think a business is not in compliance by email at: [Compliance@Loudoun.gov](mailto:Compliance@Loudoun.gov) or call our hotline at: 703-777-0400. You may view a list of active business accounts by going to [www.Loudoun.gov](http://www.Loudoun.gov). Select the Business Tax tab and click on the link at the bottom of the main page.



# **Commissioner's Authority to Request** **Federal and State Tax Information**

According to Virginia Code §58.1-3109 (6), each commissioner of the revenue shall require taxpayers or their agents or any person, firm or officer of a company or corporation to furnish information relating to tangible or intangible personal property, income or license taxes of any and all taxpayers; and require such persons to furnish access to books of account or other papers and records for the purpose of verifying the tax returns of such taxpayers and procuring the information necessary to make a complete assessment of any taxpayer's tangible and intangible personal property, and license taxes for the current tax year and the three preceding tax years;

A taxpayer may provide a federal or state income tax returns or portions thereof. The information may or may not be sufficient to make a complete assessment of any taxpayer's tangible and intangible personal property, and license taxes for the current tax year and the three preceding tax years. However, the Commissioner of the Revenue will make an assessment based on the best information available.



# Appealing an Audit Determination

Once you have provided all the necessary information and the audit has been completed, you will receive an audit determination letter that will outline any findings and or changes that have been made to your account. The outcome of the audit may result in a refund of previous payments made in error or you may owe money on previous years' incomplete filings. If you should feel that these findings are not accurate, you are afforded the opportunity to file a local administrative appeal with the Commissioner of the Revenue within one year of the tax year of the assessment. If you are not satisfied with the determination, you may submit your appeal to the State Tax Commissioner. This must take place within 90 days of the initial appeal's determination.

For more information visit [www.Loudoun.gov/cor](http://www.Loudoun.gov/cor) (choose the Business Tax tab on left and then choose sub-category: Business Tax Appeals)



File online at [www.Loudoun.gov/efile](http://www.Loudoun.gov/efile)



A notice containing the account number necessary to file online will be mailed annually in January.

Additional information concerning local business taxes  
[www.Loudoun.gov/cor](http://www.Loudoun.gov/cor)

Contact Information:

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