

SALT: Indirect Tax Service Offerings for Government Contractors Virginia Business, Professional, and Occupational License Tax

The Virginia Business, Professional and Occupational License (“BPOL”) tax is imposed by more than 100 local government authorities on the gross receipts of a government contractor operating from a definite place of business within the locality.

Financial Impact of Miscalculations

The financial liabilities of miscalculating the BPOL tax is greater than ever for government contractors. Virginia localities are motivated to fill revenue gaps through aggressive tax collection practices. Companies are being held accountable for missing or underpaid BPOL taxes. Addressing collection disputes requires time and resources. The best practice for government contractors during today’s economic uncertainties is to be proactive with BPOL tax obligations. Make certain the tax is applied correctly and take advantage of tax savings opportunities.

Lack of Clarity Leads to Confusion

The BPOL tax has been in existence for over 100 years, yet it remains one of the most misunderstood and misapplied taxes in the state of Virginia. Terms such as “definite place of business,” “apportionment,” “exclusions,” “exemptions,” and “ancillary” all add to the confusion that government contractors face when trying to comply with the BPOL provisions. Adding to the uncertainty is the fact that the tax is administered at the local level, not by the state of Virginia.

All too often, this tax is misunderstood both by companies and the local jurisdictions alike, leading to:

- ▶ overpayment;
- ▶ overassessment; and
- ▶ misapplication.

How Can Cherry Bekaert Help?

There have been a number of developments in the past couple of years that offer potential opportunities for government contractors to reduce and recover BPOL tax. Cherry Bekaert’s Government Contractor Services Group understands the complex challenges that you face in taking advantage of these opportunities due to the highly-regulated environment of federal contracting.

We have the state & local tax skills and federal contracting knowledge to assist with reducing your BPOL tax liabilities to the lowest amount allowed under the current law. We will analyze your operations to determine if there are opportunities to reduce the taxes paid by using different apportionment methods, business classification adjustments and overall reporting methodologies. Additionally, we will use the results of the review to request refunds of overpaid BPOL tax from the previous years.

Let us be your guide forward

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