

CHAPTER THIRTEEN : TAXES

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A. VIRGINIA'S TAX STRUCTURE

Virginia has one of the fairest and most stable tax structures of the 50 states. Both businesses and individuals carry their share of the tax load. Domestic corporations (companies incorporated in Virginia) and foreign corporations (companies incorporated outside Virginia) pay the same tax. The State has a history of stable taxation and has not raised its corporate income tax rates since 1972. Prior to 1972, the corporate income tax rate had remained the same for a 25-year period. In addition, the General Assembly has kept Virginia's taxes on industry competitive by enacting one of the best corporate income tax laws in the nation and by eliminating many tax irritants.

The net result of the various changes in the State's tax laws is a very modest tax bill on industry. Consequently, the traditional property tax exemptions or investment tax credits are not necessary to lure companies into the State. New and old industries are treated the same. Temporary exemptions or credits for new industry shift the tax burden to existing industries, a philosophy Virginia does not endorse.

Items taxed at the state level in Virginia are not taxed at the local level, with the exception of the sales and use tax, which is levied by both state and local governments.

Virginia differs from most states in that its counties and cities are separate taxing entities. A company pays either county or city taxes, depending upon its location. However, if it is located within the corporate limits of a town, it pays county taxes as well as town taxes, except for utility taxes, which are paid only to the town if levied by both town and county. The statutes permit the creation of sanitary districts, and if a company were to locate in one of these districts, it would pay a modest levy in addition to the basic city or county levy.

There are approximately 170 towns in Virginia which tax real estate and around 102 which tax machinery and tools. In almost every instance the town uses the same assessment policy as the county in which it is located.

As mentioned above, Virginia does not permit its localities to grant temporary property tax exemptions to attract new industry or to entice existing firms to expand. It does, however, allow localities to enact ordinances to (1) exempt or partially exempt certified pollution control facilities and equipment from real and/or personal property taxes; (2) exempt or partially exempt certified solar energy equipment, facilities, or devices from local taxation (if allowed, the taxpayer's exemption would be permitted for a term of not more than ten years.); and (3) give a partial exemption from taxation for up to ten years for qualifying real estate that has been substantially rehabilitated for industrial use. (To qualify, the structures have to be at least 25 years old and have increased their assessed value by at least 60 percent through improvements.) Statutes also permit localities to (1) separately classify energy conversion equipment for tax purposes and to levy a tax on it at a different rate than the tax on other personal property, with the provision that the tax rate and ratio of assessment cannot be greater than those on machinery and tools; and (2) exempt or partially exempt energy conversion equipment from taxation.

Motor vehicles are also taxed locally. Automobiles and trucks are currently taxed in each Virginia City and county. In addition there are approximately 151 towns which tax motor vehicles.

Communities in Virginia can also levy taxes on utility purchases, and levy a sales and use tax. Most of the localities which impose taxes on utility purchases have a modest ceiling on the amount of tax that can be collected. State law prohibits localities from imposing this tax at a rate higher than 20 percent, unless they had higher rates in effect on July 1, 1972, in which case they may continue to impose the tax at the higher rates but may not increase them.

For more information: www.tax.virginia.gov

B. WARREN COUNTY TAXES

The following chart gives a summary of Warren County's tax rates. The rates are given per \$100 of assessed value.

BUSINESS LICENSE FEES & RATES, WARREN COUNTY	
Taxes - 2014	
Machinery & Tool Taxes (Effective Rate)	\$1.95 per \$100
Office Furniture & Fixtures Taxes <i>(Based on depreciated value. Not applicable to manufacturing establishments)</i>	\$4.00 per \$100
Business License Fees	
Wholesale Merchant	\$0.05 per \$100
Retail Merchant	\$0.16 per \$100
Contractors <i>(Payments made by contractors for Town license fees are credited against the amount of license fees due to Warren County.)</i>	\$0.13 per \$100
Financial, Real Estate & Professional Services	\$0.41 per \$100
Repair, Personal, Business & Other Services	\$0.27 per \$100
Heat, Light, Power, Telephone & Telegraph Corporations	\$0.50 per \$100
Industrial Utility Bills 20% on first 15% of each monthly telephone bill not to exceed \$3.00	

**Town of Front Royal Locations
Warren County business license**

Post-2010: no county business license tax shall apply to businesses
Located within the Town of Front Royal

License Fees & Rates

Code Section	License Category	Flat Rate
Section 117	Peddlers/Itinerant Merchants	\$500.00
Section 117-30	Perishable/Fireworks	\$250.00

Section 117-31.a	Up to \$4,000	No Fee
Section 117-32.b	\$4,001 - \$10,000	\$10.00
Section 117-32.c	\$10,001 - \$25,000	\$30.00
Section 117-32.d	\$25,001 - \$50,000	\$50.00
Section 117-32.e	\$50,001 and up	Gross Receipts See Below
	\$50,000 and over Gross Receipts, rates below:	
Section 117-33	Repair, Personal, Business & other	\$0.27
Section 117-34	Contractors	\$0.13
Section 117-35	Heat, Light and Power Companies	\$0.50
Section 117-36	Telephone and Telegraph Corporations	\$0.50
Section 117-38	Financial, Real Estate, Professional	\$0.41
Section 117-39	Retail Merchant	\$0.16
Section 117-40	Wholesale Merchants	\$0.05

2016

Source: www.warrencountyva.net Commissioner of Revenue

Meal & Beverage Tax: 4% establishments located in Warren County Only
 Transient Occupancy Tax: 2% in Warren County Only

Contact:
Sherry Sowers
Commissioner of Revenue
Warren County
(540) 635-2651 X207

For the most current tax information for Warren County:
<http://www.warrencountyva.net/features/commissioner-of-revenue.html>

C. TOWN OF FRONT ROYAL TAXES

The 2009 tax rates for the Town of Front Royal are given below. Again, they are given per \$100 of assessed value. It should be noted that if a company decides to locate in the County it will only be required to pay county taxes. However, any business locating within Town limits will be subject to both Town & County taxes.

Property Taxes	
Real Estate Property Tax	\$0.13 per \$100
Personal Property Tax	\$0.64 per \$100
Machinery and Tools	\$0.64 per \$100
Emergency Services	\$0.32 per \$100
Mobile Homes	\$0.13 per \$100
Property Taxes are due on June 5 and December 5 of each year. All assessments are based on Warren County assessed value for property.	

Excise Taxes	
Meals Tax	4% of net sales
Lodging Tax	6% of net sales

Business, Professional & Occupational License Fees	
Professional Occupation	\$.36 per \$100 Gross
Telephone / Telegraph	\$.50 per \$100 Gross
Public Utilities	\$.40 per \$100 Gross
Service Businesses	\$.20 per \$100 Gross
Retail Merchants	\$.12 per \$100 Gross
Contractors	\$.08 per \$100 Gross
Wholesale Merchants	\$.08 per \$100 Gross

Contact:
B.J. Wilson, Director of Finance
Town of Front Royal
(540) 635-7799

For the most current information on Town Taxes:
<http://www.frontroyalva.com/tax-a-fee-schedule-financemenu-62.html>