



Virginia Auto Law

How local is a local business license?

By: Bill Lehner. Tuesday, May 3rd, 2011

In a [March 4, 2011 decision](#), the [Virginia Supreme Court](#) dealt a blow to localities attempting to collect local [business license taxes](#) from multi-state companies which engage in lending and credit transactions (in this case, [Ford Motor Credit Company](#)) in [Virginia](#). To boil the somewhat complicated issue down, the majority held that to determine the license tax assessment for the [Ford Credit "Richmond Branch"](#) (actually in [Chesterfield County](#)), the County must apportion the gross receipts generated by the Richmond Branch by the "payroll apportionment method" based on Ford Credits entire international payroll — regardless of their location or connection to the loans generated by the Richmond Branch !

This cost the locality over one million dollars of collections. The two dissenting Justices (Lacy and Carrico) opined that Chesterfield was right in its assessment in that, "The company's gross receipts, fees and interest are generated and established at the time the loan contract is executed. These executed contracts are the result of activities undertaken by the Richmond Branch"— i.e., "the definite place of business that generated taxable gross receipts."

It is this commentator's opinion that the Dissent has it right! What's your opinion?

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