



625 North Washington Street, Suite 400 Alexandria, VA 22314
Tel. (703) 778-1292 FAX (703) 778-1293
E-Mail Info@AlexandriaSBDC.org

Licensing and Tax Guide For Non-Profit Organizations in the City of Alexandria

Starting your own non-profit business can be a very demanding project. Here is information obtained from the City of Alexandria which will tell you what you need to do to get a business license so that you can begin operating your non-profit business. You may call the pertinent offices and ask questions before you actually begin the registration/licensing process.

Please note that this guide is only a summary of issues of interest to non-profits. Where necessary, links are provided to complete and accurate information on the issues covered by this guide.

Operating in the City

The City requires that all non-profit entities conducting business in the City register for and obtain a business license. This registration process accomplishes several important goals for both the City and the non-profit applicant. During this process, City staff will:

- Determine if any of the non-profit organization's activities are taxable under City Code Section 9-1-11(c);
- Determine which documents and filings are necessary to correctly register the organization;
- Provide the necessary referrals to the appropriate offices and departments so that the organization can correctly meet all legal operational requirements (planning and zoning, code enforcement, court registration, etc.); and
- Provide explanations and calculations of all appropriate business taxes (where applicable for organizations that have taxable activities or that are exempt from some taxes but not others).

The registration process does not always result in the need for the entity to pay a business license tax.

Determining if an Organization Is Located within the City

Organizations with the following zip codes are located entirely within the City of Alexandria:

- 22301, 22305, 22314

The **22302, 22304, 22311, and 22312** zip codes are shared between Fairfax County and the City of Alexandria. The **22206** zip code is shared between Arlington County and the City of Alexandria. If an organization is located in the **22302, 22304, 22311, 22312, or 22206** zip codes, its locality may be verified by visiting the [United States Postal Service](https://tools.usps.com/go/ZipLookupAction!input.action) website (<https://tools.usps.com/go/ZipLookupAction!input.action>), entering the address, and clicking on "Mailing Industry Information."

Filing Procedure for Non-Profit Organizations

NOTE: Steps 1 through 3 may not necessarily be followed in that order, especially if an existing non-profit is relocating to or opening a branch office in the Commonwealth and/or the City.

Step 1: Registering the business entity

a. Registering as a Virginia Non-Stock Corporation or Limited Liability Company

Any non-profit conducting business in Virginia must register as a [Non-Stock Corporation](#) or [Limited Liability Company](#) (LLC) with the [Virginia State Corporation Commission](#). Procedures for filing as a Non-Stock Corporation can be found in the Code of Virginia [Nonstock Corporation Act](#), Sections 13.1-801 through 13.1-946. Procedures for filing as a Limited Liability Company can be found in the Code of Virginia [Limited Liability Company Act](#), Sections 13.1-1000 through 13.1-1080.

Information on registration or incorporation can be obtained by visiting [the Virginia State Corporation Commission website](#) or contacting:

Virginia State Corporation Commission
P.O. Box 1197
Richmond, VA 23218
866.722.2551 or 804.371.9733

b. Registration of a Trade Name

Trade names must be registered with the [Clerk of the Circuit Court](#). A small fee is imposed by the Circuit Court. Registration information can be obtained by contacting:

Clerk of the Circuit Court
520 King Street, Suite 307
Alexandria, Virginia 22314
703.746.4044

You can link to the form, "Certificate of Assumed or Fictitious Name" at the City's website.

Step 2: Applying for a Federal Employer Identification Number

Both for-profit and non-profit organizations should apply for a Federal Employer Identification Number (FEIN or EIN) through the IRS. Organizations and businesses may apply [online](#) or download, print, and mail the [SS-4](#).

Step 3: Applying for Non-Profit Status with the Internal Revenue Service

IRS tax exemption rules and filing requirements differ by type of organization. Information for each type of non-profit is available for charitable organizations, churches and religious organizations, political organizations, private foundations, and other non-profits at the IRS website, www.irs.gov/Businesses.

Step 4: Visiting the Permit Center

In an effort to improve the business license application process, the City has created a [Permit Center](#) where applicants can obtain the approvals and registrations needed by both for-profit and non-profit businesses.

The following can be obtained at the Permit Center:

- [2013 Business License Application](#)
- [Interdepartmental Form](#)
- [Zoning Approval](#)
- [Code Approval](#)
- [Certificate of Occupancy](#)

Additional information can be obtained by contacting:

Permit Center
Department of Code Administration
301 King Street, Room 4200
703.746.4200

Step 5: Submitting the completed application with all necessary approvals and documentation

The City business license application will be provided and may be submitted at the [Permit Center](#) at the address listed above. Some businesses may require [additional documentation and/or permits](#). You can see that information on the City's website at www.alexandriava.gov/finance/info/default.aspx?id=12680. Non-profit organizations must provide, with the business license application, a copy of the organization's Internal Revenue Service (IRS) determination letter **and** the annual return(s) filed with the IRS. Depending on the type of organization and whether the organization has taxable income, every non-profit organization must file:

- Federal Form 990;
- Federal Form 990-T;
- Federal Form 1120-POL;
- Federal Form 8871; and/or
- Federal Form 8872.

Non-profits that engage in taxable activities may have to pay a [business license tax](#) for those activities.

Mailing a Business License Application

Organizations choosing to mail a business license application must submit payment of the business license tax (if applicable for taxable activities) with the application. The application, payment (by check or money order), and any documentation may be mailed to:

City of Alexandria Business License
P O Box 34850
Alexandria, VA 22334-0850

Business License Taxes (If Applicable for Taxable Activities)

Non-profit organizations that engage in taxable business activities are assessed an annual [business license tax](#) based on the gross receipts received from those taxable activities. Gross receipts may be calculated on either a cash or accrual basis, but the basis must be the same as that used for federal income tax purposes. Gross receipts are the whole, entire, total receipts attributable to the licensed privilege, without deductions. No deduction may be made for the cost of the property sold, the cost of materials, labor, services, or other costs, interest or discounts paid, or any expense whatsoever.

Computation of Tax for New Organizations

Non-profit organizations engaging in taxable activities will be required to estimate the gross receipts the organization will receive from taxable activities between the date the organization begins operations in the City and the end of the current license year (December 31). The current year's license tax is computed on that estimate. If estimated gross receipts are \$2 million or greater, the estimated license tax is adjusted at the end of the tax year to reflect the organization's actual gross receipts.

In the first year of operation, the organization will have no tax liability if its estimated taxable gross receipts are less than \$100,000. The minimum annual license tax is \$50 for organizations with estimated taxable gross receipts between \$100,000 and \$1,999,999. Organizations with estimated taxable gross receipts of \$2,000,000 or more are assessed a percentage of their gross receipts.

Annual Renewal and Computation of Tax

All non-profit organizations operating in the City must file an annual business license renewal application and, if engaging in taxable activities, pay any applicable license tax by **March 1** of each year. The business license tax for existing businesses is usually calculated based on the prior year's gross receipts. An organization has no tax liability at renewal if its taxable gross receipts are less than \$10,000. The minimum annual license tax is \$50 for organizations with taxable gross receipts of at least \$10,000 but not more than \$99,999. Organizations with taxable gross receipts of \$100,000 or more are assessed a percentage of their gross receipts.

A more detailed explanation of this tax with examples is available on the [How Business Tax is Calculated](#) page for the City's Finance Department.

Property Taxes

[Business Personal Property Tax](#)

The City levies a tax each calendar year on all tangible property used in a business, profession, or occupation. Business tangible property includes furniture, fixtures, and equipment, including but not limited to desks, typewriters, personal computers, movable partitions, drapes, cabinets, and chairs. The business personal property tax is levied as a percentage of the assessed value of the property, based on the tax rate set by the City Council, usually in the **first week of May** each year. In the **third week of March**, the Finance Department mails property tax returns to all businesses licensed in the City that began operating prior to January 2 of the current calendar year. Business personal property tax returns are due **May 1**. Tax bills based on these returns are mailed in **mid-August** with a due date of **October 5**.

In most cases, non-profits must pay business personal property taxes even if they are exempt from paying the business license tax. In order for a non-profit to be exempt from business personal property taxes, the non-profit must:

1. Demonstrate that it is exempt by **classification or designation** as defined in Virginia Code Section 58.1 Chapter 36 (Some examples of organizations exempted by classification are libraries and educational institutions, any church or religious body, and non-profit private or public cemeteries. Organizations with property exempted by designation are those specifically named in Virginia Code Section 58.1 Chapter 36.); or
2. Show that it owns and occupies a property certified as tax exempt by the City's [Department of Real Estate Assessments](#).

Organizations that may be otherwise exempt from business personal property tax will pay the tax on any property used for or generating unrelated business income. Unrelated business income generally includes any income other than gifts, contributions, and membership dues that must be reported to the IRS using one of the annual returns listed in Step 5 of the [filing procedures](#) section of this page.

[Real Estate Tax](#)

Commercial property is assessed at 100 percent of the estimated fair market value as of January 1 of each year. For information on real estate assessment procedures, the Board of Equalization and Assessment Review, and the appeals process, please visit the [Department of Real Estate Assessments](#). Real estate taxes are calculated by multiplying the property's assessed value by the real estate tax rate. Real estate taxes are billed and payable in two installments. The first tax bill is mailed in May and is due by **June 15**. The second tax bill is mailed in October and is due by **November 15**.

Most non-profits must pay real estate taxes even if they are exempt from paying other local, state, or federal taxes. In order for a nonprofit's property to be exempt from real estate taxes, the non-profit must be exempted by **classification or designation** as defined in Virginia Code Section 58.1 Chapter 36. Some examples of property exempted by classification are libraries and educational institutions, any church or religious body, nonprofit private or public cemeteries, and property owned by the Commonwealth or any political subdivision. Properties exempted by designation are those specifically named in Virginia Code Section 58.1 Chapter 36.

Organizations that may be otherwise exempt from real estate tax will pay the tax on any property or portion of a property used for or generating unrelated business income.

Personal Property (Vehicle) Tax and City Decal

All motor vehicles **normally** parked, stored, or garaged (having situs) in the City of Alexandria, including vehicles with out-of-state plates, must be registered for the City's annual personal property tax and display a City windshield decal. All motor vehicles, such as trailers, registered to a City address with the Virginia Department of Motor Vehicles must also be registered with the City. The annual personal property tax bill is mailed in August and must be paid by **October 5**. Payments on newly registered vehicles are due **within 30 days** of the billing date.

In order for a nonprofit's vehicle(s) to be exempt from personal property taxes, the non-profit must be exempted by **classification or designation** as defined in Virginia Code Section 58.1 Chapter 36. The personal property tax exemption does not extend to the decal fee, which must be paid even if the non-profit is exempt by classification or designation. Any vehicles used for or generating unrelated business income are fully taxable.

Miscellaneous Taxes

Non-profits receive exemptions from the collection and/or payment of certain miscellaneous taxes and reduced rates for others. Reductions and/or exemptions for each tax are listed below.

Admission Tax

Admission taxes need not be collected for:

- Any event for which the gross receipts are dedicated solely to charitable purposes;
- Any event established solely to raise money for charitable purposes;
- Any public or private elementary, secondary, or college school-sponsored event, including events sponsored by school-recognized student organizations;
- Entry into museums, botanical and similar gardens, and zoos; and
- Participation as an entrant in a sporting event.

Meal Sales Tax

Meal sales tax does not apply to:

- Food and beverages sold by public or private day care centers, elementary and secondary schools, and colleges or universities;
- Meals sold by volunteer fire departments and rescue squads; nonprofit churches or other religious bodies; or educational, charitable, fraternal, or benevolent organizations, on an occasional basis, not exceeding three times per calendar year as a fundraising activity, the gross proceeds of which are to be used by such church, religious body, or organization exclusively for nonprofit educational, charitable, benevolent, or religious purposes;
- Meals provided by churches that serve meals for their members as a regular part of their religious observances;
- Meals provided by hospitals, medical clinics, convalescent homes, nursing homes, or other extended care facilities to patients or residents thereof;

- Meals provided by homes for the aged, infirm, handicapped, battered women, narcotic addicts, or alcoholics;
- Meals provided by age-restricted apartment complexes or residences with restaurants, not open to the public, where meals are served and fees are charged for such food and beverages and are included in rental fees;
- Meals provided by a public or private nonprofit charitable organization or establishment to elderly, infirm, blind, handicapped, or needy persons in their homes or at central locations;
- Meals provided by private establishments that contract with the appropriate agency of the Commonwealth of Virginia to offer food, food products, or beverages for immediate consumption at concession prices to elderly, infirm, blind, handicapped, or needy persons in their homes or at central locations; or
- Food and beverages for consumption that are paid directly by the Commonwealth, a political subdivision of the Commonwealth or the United States.

Retail Sales and Use Tax

Many non-profit organizations are exempt from the collection and/or payment of the retail sales and use tax as provided in Code of Virginia Section 58.1-609.10 (Paragraphs 2, 15, 16, and 19) and Section 58.1-609.11. Any organization exempt from collecting and/or paying the Virginia Retail Sales and Use Tax is also exempt from collecting and/or paying the City's local sales tax. More information, including the exemption criteria and online application process, can be found at the [Virginia Department of Taxation website](#).

Transient Lodging Tax

Room rentals paid to any hospital, medical clinic, convalescent home, or home for aged people are exempt from the transient lodging tax.

Utility Taxes

Churches and some charitable organizations receive reduced utility tax rates or exemptions from utility taxes. The reduced rates and exemptions for churches apply only when the utility services are used in and for property being devoted primarily to religious purposes at the time of purchase. The reduced rates for charitable organizations apply only to charitable hospitals and other designated organizations that have been exempted by the City or the Commonwealth from real estate and personal property taxes in accordance with Code of Virginia Section 58.1 Chapter 36.

Rates for Charitable Organizations

- Electricity: \$0.97 plus \$0.004610/kwh, not to exceed \$24
- Natural Gas: \$1.42 plus \$0.050213/CCF, not to exceed \$24
- Water: 15% of first \$150 of monthly utility bill

Rates for Churches

- Electricity: \$0.97 per month
- Natural Gas: \$1.42 per month
- Water: Exempt

Paying Taxes

Business License Tax (If Applicable for Taxable Activities)

Non-profit organizations that **begin operations in the City after January 1** must file the application and pay taxes (if applicable) immediately. Payments for new organizations may be submitted in person at City Hall. The Permit Center (City Hall Room 4200) accepts payment of the \$50 license fee by check only. If a higher business license tax is assessed or if the licensee wishes to pay by other methods, the license tax may be paid at the Treasury Division (City Hall Room 1510) or at the payment kiosk (City Hall Room 1700). The Treasury Division accepts cash, check, money order or Discover Card. The payment kiosk accepts payments by check, Visa, MasterCard, or Discover Card. The business license application, tax payment (by check or money order), and supporting documentation may also be [mailed](#).

Business license taxes paid by check or money order **during the annual renewal period** may be mailed with the business license renewal application to:

City of Alexandria Business License
P O Box 34850
Alexandria, VA 22334-0850

Organizations may also choose to mail the renewal application but submit payment through one of the City's other [payment options](#). Organizations choosing to pay in person may submit both the renewal application and payment at the Treasury Division or payment kiosk at City Hall as described above. If payment is made by check or money order, the business license tax account number should be clearly written in the memo field of the check or money order. Returned checks are subject to a \$35 fee in accordance with state law.

Business Personal Property Tax

Business personal property tax bills are mailed to property owners in late August or early September. Payment is due by **October 5** (or the following business day if October 5 falls on a weekend). Business personal property tax payments made by check or money order may be mailed with the bill stub to:

City of Alexandria Business Personal Property
P O Box 34901
Alexandria, VA 22334-0901

If payment is made by check or money order, the business personal property tax account number should be clearly written in the memo field of the check or money order. Returned checks are subject to a \$35 fee in accordance with state law.

Information on all other payment methods, including eCheck and credit card payments, is available at [Six Easy Ways to Pay](#) on the City's Finance Department website.

Real Estate Tax

Real estate tax payments (by check or money order), if not made by the taxpayer's bank or mortgage company, may be mailed with the bill stub to:

Treasurer's Office
P.O. Box 34750
Alexandria, VA 22334-0750

If payment is made by check or money order, the real estate account number (bill number) should be clearly written in the memo field of the check or money order. Returned checks are subject to a \$35 fee in accordance with state law.

Through the [Automatic Bank Debit Program](#), taxpayers may register to make real estate tax payments monthly or have the lump sum of the tax amount due automatically debited on each of the two tax due dates. (Example: [preauthorized monthly payment schedule](#)) Information on all other payment methods, including eCheck and credit card payments, can be found at [Six Easy Ways to Pay](#) or [Search and Pay Real Estate Tax](#).

Personal Property (Vehicle) Tax and Decal Fee

Personal property taxes and decal fees are billed annually in August with a due date of **October 5**. Taxes and/or decal fees assessed on newly registered vehicles are due **within 30 days** of registration. Payments (by check or money order) may be mailed with the bill stub to:

Treasury Division
Department of Finance
City of Alexandria
P.O. Box 34899
Alexandria, VA 22334-0899

If payment is made by check or money order, the personal property tax account number should be clearly written in the memo field of the check or money order. Returned checks are subject to a \$35 fee in accordance with state law. Information on all other payment methods, including eCheck and credit card payments, can be found at [Six Easy Ways to Pay](#).

Additional Payment Information

- [Tax Due Dates](#)
- [Six Easy Ways to Pay](#)
- [Penalties for Late Filing and Payment](#)
- [Delinquent Tax Collection](#)

Additional Information and Resources

See [Events, Courses, and Resources for City Businesses](#) on the Finance Department's city website.

Contact Us

CONTACT...	FOR QUESTIONS ABOUT...	PHONE NUMBER
Personal Property Tax	Personal Property (Vehicle) Tax Registration, Assessments, and Account Changes	703.746.3995
Business Tax	Business Licenses and Taxes	703.746.3903
Tax Services & Enforcement	Delinquent Taxes: Collections and Payment Plans	703.746.3909
Treasury Division	Real Estate Tax--Billing and Payment	703.746.3902
	Paying Taxes	703.746.3902