

Gross Receipts:

Virginia BPOL Rulings Address Sourcing Gross Receipts from Services and Payroll Apportionment

Public Document No. 21-110, Va. Dept. of Tax. (8/24/21). In a ruling involving a company providing monitored security system services from several centers nationwide, none of which are located in Virginia but that has an office in the Virginia county at issue from which employees sell security equipment and conduct installations, the Virginia Department of Taxation held that gross receipts derived from the company's security monitoring services were *not* subject to the county's business, professional and occupational license (BPOL) tax for the tax years at issue as the monitoring services were not performed at a definite place of business in the county or directed and controlled from there.

URL: <https://www.tax.virginia.gov/laws-rules-decisions/rulings-tax-commissioner/21-110>

Public Document No. 21-111, Va. Dept. of Tax. (8/24/21). In a ruling involving a company providing professional and information technology services under government contracts, the Virginia Department of Taxation (Department) held that under the provided facts i) the company's cost tracking system did not accurately situs its gross receipts for purposes of a Virginia city's business, professional and occupational license (BPOL) tax, and ii) it was not otherwise possible or practical to situs gross receipts using the general statutory methods. Accordingly, the company in this case was eligible to use payroll apportionment to apportion its gross receipts. In doing so, the Department explained that the company's business operations are highly complex and span a number of states and countries in the performance of many contracts carried out by a great number of employees and contractors, rendering the use of other statutory methods impractical and thus "use of payroll apportionment in this case is justified under the circumstances."

URL: <https://www.tax.virginia.gov/laws-rules-decisions/rulings-tax-commissioner/21-111>

Public Document No. 21-102, Va. Dept. of Tax. (8/10/21). Another ruling involving a defense contractor and the sourcing of gross receipts for purposes of a Virginia county's business, professional and occupational license (BPOL) tax, held that payroll included in the payroll calculation when utilizing payroll apportionment is not limited to those employees who directly participate in the income generating activity. Accordingly, payroll of the company's administrative staff in the case at hand must be included in its payroll apportionment calculation. Please contact us with any questions.

URL: <https://www.tax.virginia.gov/laws-rules-decisions/rulings-tax-commissioner/21-102>

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