

# Henrico Business Tax Summary 2016

## Real Estate Tax

Henrico County's current real estate tax rate is \$0.87 per \$100 of assessed value – lower than many areas in the northeastern U.S. and very competitive with other southeast U.S. locations.

There are five districts within the County (Sanitary Districts) that have additional rates which range from \$0.001 to \$0.031 per \$100

Our real estate tax rate has not increased since 1978 and has actually decreased since then.

The average assessed value of Henrico single-family residences (including condos and townhouses, but excluding homes on large acreage tracts) in January 2016 was \$232,800. At the current tax rate of \$0.87 per \$100 of assessed value, the average annual real estate tax would be \$2,025.36.

## Business License Tax

Henrico County's business license tax rate was recently reduced across the board to reinforce our pro-commerce environment. If the gross receipts of the business are \$100,000 or less, an application shall be required to be filed, but no tax shall be due or paid. The tax rate varies based on the nature of the business. Examples of business license tax rates follow.

### Business Classifications:

- **Retail Merchants**
- **Business and Miscellaneous Services (e.g., Accountant, Business Management, Paralegal)**
- **Personal Services (e.g., Advertising, Barber Shop, Caterer, Nursing Assistant)**
- **Professional Services (e.g., Architect, Engineer, Optometrist, Physician, Surveyor)**
- **Scientific Research and Development**
- **Other Money Lenders**
- **Hotels and Motels**

Tax rate for the above business types is \$0.20 per \$100 of gross receipts exceeding \$100,000 or \$30 whichever is greater.

### Wholesale Merchants:

The business license tax rate for wholesale merchants is based on gross purchases over \$100,000. The variable rate schedule listed below is relevant to gross purchases exceeding \$100,000.

- \$25 minimum tax on purchases between \$1 and \$10,000;
- \$0.20 per each \$100 purchase between \$10,001 and \$5,000,000;
- \$0.15 per each \$100 purchase between \$5,000,001 and \$15,000,000;
- \$0.10 per each \$100 purchase between \$15,000,001 and \$25,000,000;
- \$0.05 per each \$100 purchase between \$25,000,001 and \$50,000,000;
- \$0.025 per each \$100 purchase between \$50,000,001 and \$100,000,000;
- \$0.0125 per each \$100 purchase in excess of \$100,000,001.

### Contractors, Electrical Contractors, Plumbers and Steamfitters:

- a) \$0.15 per \$100 of the gross receipts derived from all contracts accepted on a basis other than fee which exceed \$100,000, or \$30, whichever is greater.
- b) \$1.50 per \$100 of all fees derived from contracts accepted on a fee basis which exceed \$100,000, or \$30, whichever is greater.

### Tangible Personal Property Taxes

Under Virginia State Law, all tangible personal property owned by individuals and companies and located in the County of Henrico on January 1 of each year and motor vehicles and trailers that acquired during the year are subject to tax.

Based on the business operations, the personal property tax rate and depreciation schedule are different for manufacturers versus non-manufacturers. The tax rates may be found on the following page.

## Non-Manufacturer

Business Personal Property Tax is levied on all furniture, fixtures, tools, signs and equipment used in the conduct of business.

The base rate applicable to this class of property is currently \$3.50 per \$100 of assessed value. Assessed value of business personal property is determined by original cost and date of purchase. To determine the assessment, multiply the reported purchase cost by the percentages shown below in Schedule 80 or 85 based on property classification.

Henrico follows an accelerated depreciation schedule for Business Personal and Mainframe Computers and Peripheral Equipment. Schedule 85 allows for computer equipment to aggressively depreciate in value over five years, which is a major cost-saving incentive for data centers and businesses with extensive computer mainframes.

Year	Schedule 80 (Tangible personal property)	Schedule 85 (Computer equipment)
1 <sup>st</sup> Year	80%	67%
2 <sup>nd</sup> Year	73%	43%
3 <sup>rd</sup> Year	63%	27%
4 <sup>th</sup> Year	55%	16%
5 <sup>th</sup> Year	47%	10%
6 <sup>th</sup> Year	40%	4%
7 <sup>th</sup> Year	33%	4%
8 <sup>th</sup> Year	28%	4%
9 <sup>th</sup> Year	24%	4%
10 <sup>th</sup> + Year	12%	4%

## Manufacturers

The Machinery and Tools (M&T) Tax is levied on machinery and tools used in the manufacturing, processing or reprocessing, mining, radio or television broadcasting, dairy, dry-cleaning, or laundry business. The M&T Tax rate is currently \$0.30 per \$100 of assessed value. To determine the assessment, multiply reported purchase cost by percentage corresponding to the year acquired.

Year	Machinery & Tools Depreciation Schedule
1 <sup>st</sup> Year	80%
2 <sup>nd</sup> Year	77%
3 <sup>rd</sup> Year	69%
4 <sup>th</sup> Year	61%
5 <sup>th</sup> Year	54%
6 <sup>th</sup> -10 <sup>th</sup> Year	25%
11 <sup>th</sup> -12 <sup>th</sup> Year	18%
13 <sup>th</sup> -14 <sup>th</sup> Year	14%
15 <sup>th</sup> + Year	10%

## Vehicles

Business and personal vehicles are taxed at \$3.50 per \$100 of assessed value.

Assessed value of all automobiles having gross weight of 14,000 pounds and less is based on the average loan value in the NADA Official Used Car Guide or the NADA Older Car Guide.

Assessed value of trucks with gross weight greater than 14,000 pounds is based upon the original cost and the depreciation schedule below.

Year	Vehicle Depreciation Schedule (14,001+ lbs)
1 <sup>st</sup> Year	85%
2 <sup>nd</sup> Year	75%
3 <sup>rd</sup> Year	60%
4 <sup>th</sup> Year	50%
5 <sup>th</sup> Year	40%
6 <sup>th</sup> Year	30%
7 <sup>th</sup> + Year	20%

Vehicle license fee for Henrico County is \$20.00 for a vehicle under 4,000 pounds, \$25.00 for a vehicle 4,000 pounds and over, and \$15.00 for motorcycles.

For qualified non-business vehicles assessed at more than \$1,000, tax relief will be given at a rate of 53% (up to a maximum of \$20,000 in assessed value) for 2016. The vehicle must not be used for more than 50% business purposes.

## Other Business-Related Taxes

- Aircraft tax is assessed on the basis of cost and date acquired. The base tax rate of aircraft is currently \$0.50 per \$100 of assessed value.
- Retailers collect 5.3% Retail Sales Tax imposed on retail consumer sales.
- Short-term rental tax is levied in lieu of Business Personal Property Tax on the daily rental property of a certified short-term rental business; this 1% trust tax is remitted to the County quarterly.
- Henrico County does not levy additional sales tax on admissions and cigarettes.