



COMMONWEALTH of VIRGINIA

DEPARTMENT OF TAXATION

RICHMOND 23282

MEMORANDUM

TO: Russell C. Whitehead, Supervisor
Taxpayer Assistance Section
Office Services Division

FROM: Danny M. Payne, Director *Danny*
Tax Policy Division

DATE: January 9, 1984

RE: Allocation of Local Sales and Use Tax Where Business
Property is Located in More Than One Locality

It is our understanding that a question has recently arisen regarding the proper allocation of the local sales and use tax where a dealer's business is situated in more than one locality.

Virginia Code Section 58-441.49(e) provides that:

If a dealer has any place of business located in more than one political subdivision by reason of the boundary line or lines passing through such place of business, the amount of the local sales tax paid by a dealer... (shall be divided between localities).

The use tax is allocated in the same manner pursuant to Section 58-441.49(f).

The term "place of business" is not defined by statute and is only generally defined by Sales and Use Tax Regulation Section 1-84. For purposes of the sales and use tax, and specifically for purposes of the allocation of local tax, the term "place of business" is construed to include not only the building which houses the dealer's stock, cash register, etc., but also the contiguous ancillary property such as the parking lot, storage area, etc. when such property is used in the ordinary course of business for which the dealer is registered.

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Therefore, in the situation where a boundary line passes through a dealer's parking lot which is adjacent to his store, the local tax should be divided between the two localities. However, if the parking lot or other outbuilding is not adjacent, e.g., is separated by a public road, the local tax should be allocated to the locality in which the retail store is located.

If you have any further questions, please let us know.

Approved: 

W. H. Forst
State Tax Commissioner

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