

PRIVILEGE LICENSE APPLICATION INFORMATION AND INSTRUCTIONS

Filing and General Information

- Privilege license is an annual tax effective July 1st through June 30th.
- Privilege license applications for the 2014-2015 tax year are due July 31, 2014.
- If the license is based on gross receipts (Schedule A - classification code 105), list gross sales for your last tax year. Compute City tax at \$0.60 per \$1,000 with \$50.00 minimum - \$10,000 maximum. New businesses and/or businesses that have not been in business 12 months, must give a good-faith, 12-month projection of their gross receipts.
- **Verify all classifications through the *Classification Codes for Privilege Licenses* (p. 4 – 6) to ensure your business has been properly taxed.** (Note: If your license contains multiple classifications, and one classification requests gross sales/receipts, do not report revenues for classifications with set fees including beer and wine sales.)
- All businesses located in the City of Charlotte must be approved by the City of Charlotte's Zoning Department. (Note: Other regulatory departments such as Environmental Health, Code Enforcement, Fire and Police, may require an additional approval.)
- For additional information for starting and running a business in Charlotte visit www.charlottebusinessresources.com.
- Mailing address: City-County Tax Collector
Business Tax Collections Office
P.O. Box 1400
Charlotte, NC 28201-1400
- Contact information - Call the CharMeck 311 Call Center by dialing 311 if calling within Mecklenburg County or 704-336-7600 for all calls originating outside of Mecklenburg County.

PAYMENT OPTIONS:

Cash:

Accepted in person at 700 N. Tryon St. Charlotte, NC 28202
Monday – Friday; 9am to 5pm

Credit Cards*:

Pay in person or online via <http://paytax.charmeck.org>
A convenience charge applies.

Check and Money Order:

Payable to City-County Tax Collector
Pay in person or mail to City-County Tax Collector,
PO Box 1400, Charlotte, NC 28201-1400

E-Check*:

Pay online via <http://paytax.charmeck.org>.
This is a free service.

* - Must have account number and tax office-issued PIN to pay online

Penalties/Additional Tax

- If the application is filed after the due date, add a penalty for the City and/or County of five percent (5%) of the amount prescribed for such license per month, or any fraction thereof until paid, not to exceed twenty-five percent (25%) of the amount prescribed, but shall not be less than five dollars (\$5.00).
- When the bank returns a check because of insufficient funds or nonexistence of an account, a penalty will be assessed of \$1.00 or ten percent (10%) of the amount of the check, whichever is greater, subject to a maximum of \$1,000.00 per North Carolina General Statute (NCGS) 105-236(a)(1).

Policies and Procedures

- All license taxes imposed on businesses shall be paid prior to the beginning of the business. License will be mailed upon the receipt of payment and when applicable approval from the appropriate City or County has been obtained.
- Failure to pay may result in enforced collection action.
- A business license is not transferable. If you are a new owner, please contact CharMeck 311 for a new application.
- NCGS 105-366 (d)(1)(a) requires notification to the Tax Assessor and the Business Tax Collections Office at least forty-eight (48) hours prior to the date of the pending sale, transfer, or termination of business.
- Changes in the business name or address must be reported to the Business Tax Collections Office within ten (10) days of the change so that a new license may be issued (\$5.00 fee).

Frequently Asked Questions

1. What types of taxes will I need to pay if I am starting a new business in Charlotte/Mecklenburg County?

Every person/business operating in Charlotte/Mecklenburg County may be subject to one or more of the following business taxes: Privilege License, Beer and Wine License, Prepared Food and Beverage, Room Occupancy, and Vehicle Rental.

Please contact the Mecklenburg County Tax Assessor's Office to determine if the Business Personal Property Tax or Real Estate Tax is applicable.

2. Who is required to have a privilege license?

Businesses physically located in Charlotte/Mecklenburg County, whether it is a sole proprietorship, a partnership, LLC, corporation; full-time or part-time; regardless of size, unless the business is exempted by state and/or federal laws. Businesses physically located outside of Charlotte/Mecklenburg County are not required to have a privilege license.

3. How much does a license cost?

Taxes vary depending on the type of business. Many types of businesses are taxed based on gross receipts at a rate of \$0.60 per \$1,000 (minimum tax paid is \$50.00, maximum tax paid is \$10,000); or may be based on flat tax rates, or both gross receipts and flat tax may apply. **PRORATION:** If a business is begun after December 31 and before July 1 the amount of tax due is half the amount otherwise due unless otherwise provided. Please refer to the *Classification Codes* for taxes that cannot be prorated. Charlotte City Code (Sec. 13-31)

4. Can you waive the penalties for a Privilege License?

Per Chapter 13, Section 43 of the City of Charlotte Ordinance, penalties are considered additional tax and cannot be waived.

5. I have multiple businesses located within the City of Charlotte; do I pay a license fee for each?

Yes; each business location must be licensed separately and all applicable taxes must be paid. Per Chapter 13, Section 35(C) of the City of Charlotte Ordinance, a separate license is required and a separate privilege license tax must be paid for each place of business unless two or more places of business under common ownership are contiguous to each other, communicate directly with and open into each other and are operated as a unit.

6. What is the penalty if my renewal is not filed by the deadline?

Your business is subject to a 5% additional tax each month, of your total license tax amount, until paid in full. Maximum penalty is 25%, with a minimum being no less than \$5.00.

7. How can I find out if my business is located within the City of Charlotte corporate limits?

To verify that your business is located within the City of Charlotte's corporate limits, please call the Zoning Enforcement Division at 704-336-7600 or log on to charmeck.org (Departments/Tax Collector/Real Estate Look Up).

8. Can I pay online?

Yes. Please have your account and PIN available as both are required to pay online. Go to <http://paytax.charmeck.org> to pay online.

9. Do I need a federal tax identification number?

Contact the Internal Revenue Service at 1-800-829-1040 for more information.

10. Is a Federal Tax identification number the same as a Sales Tax identification number?

No. The North Carolina Department of Revenue issues the State Sales tax identification number and the Internal Revenue Service issues the Federal tax identification number. For more information about the state sales tax number, call 704-519-3000 and for information about the federal tax number call 800-829-1040.

11. Do I need a state or federal identification number before getting my local license?

No, neither of these identification numbers will prevent you from acquiring a privilege license.

12. How do I apply for a Beer and Wine license?

You must have an ABC permit, issued by the North Carolina Alcoholic Beverage Control Commission, before we can issue a local Beer/Wine/Mixed Beverage license. Their office is located at 3333 North Tryon Street Charlotte, NC 28202; they also can be contacted at 704-525-3784. Once we review the permit, a Beer and Wine license account can be set up, as well as a Prepared Food and Beverage account, in some cases.

13. What do I need to bring with me when I come to the Business Tax Collections Office?

Bring a government-issued picture identification, Bill of Sale/Purchase agreement (if business has been sold), Beer and Wine permit (for new businesses/ name or address change), letter from the Taxi Cab Inspector (for new drivers or if they changed cab companies), a 12-month estimate of gross receipts if applicable, a utility bill, a commercial lease agreement, or other pertinent documents that pertain to the business.

14. What is a PIN?

PIN stands for personal identification number. The purpose of the PIN is to protect each taxpayer's privacy and confidentiality with their tax information. Your PIN will be required when you call the tax office to discuss your account or to pay online.

15. Do I need to register my business name?

Yes. Business names need to be recorded with the Register of Deeds per NCGS 66-68. It is recommended that you do this before applying for a business license.

Any business entities that are listed as a business corporation, nonprofit corporation, or limited liability company must be authorized to transact business in this state by the North Carolina Secretary of State. If your business is registered in another state and you wish to obtain a local privilege license under one of those designations you need to contact the North Carolina Secretary of State to obtain a Foreign Entity registration. This is awarded to a business whose address is identical to the registered office which is located in another state.

Privilege License Application Instructions

- **Section 1 of Privilege License Application**
 - Complete Section 1 of the Privilege License Application.
 - **Social Security/ Federal Identification Number:** Disclosure of your Social Security (SSN)/ Federal Identification number (FIN) is optional under 42 U.S.C. 405(c)(2)(C)(i). Your SSN/FIN will be used to verify your identity. It may also be used to facilitate collection of business taxes if such taxes become delinquent. For collection purposes, your SSN/FIN may be disclosed to: (i) a bank or an employer to attach bank accounts or garnish wages; (ii) to other local governments and other departments of this local government to facilitate the collection of taxes and other obligations owed to those governments and departments; (iii) to the state to claim payment from any state income tax refund that might otherwise be owed to you.
- **Section 2 of Privilege License Application**
 - Refer to *Classification Codes for Privilege Licenses* to determine applicable codes (if renewing a license, the codes should be pre-populated into the correct fields in Section 2)
 - If a code is no longer applicable, please cross out the code and class name
 - If a new code is needed, please add the new code and class name to an available line
 - Enter in gross receipts calculations for all applicable codes for the previous calendar year
 - **Gross Receipts Definition – Charlotte City Code 13-34 (c) and (d):**
 - (c) The term "gross receipts," as used in this section, shall mean all earnings, receipts, fees, commissions, broker's charges, rentals and income whatsoever arising from or growing out of the conduct of the business, occupation or profession licensed under this article during the license tax year immediately preceding the license tax year for which the tax is being computed, without any deduction whatsoever, unless otherwise expressly provided.
 - (d) *Exception.* Any business that pays the maximum annual tax on its gross receipts shall not be required to submit the amount of its gross receipts in order to purchase a license.
- **After determining the gross receipts total, please follow these instructions:**
 - Enter gross receipts total (Schedule A Gross Receipts) from worksheet into box 21 (Schedule A - **if applicable**)
 - Enter total City tax (Schedule A – **if applicable**) into box 22 by calculating \$0.60 per \$1,000.00 of gross receipts
 - Enter total City and/ or County tax (Schedules B & C) into boxes 25 and/ or 26
 - Calculate penalties due (if applicable) for City and/or County taxes and enter into boxes 27 and/ or 28 – (5% per month; 25% maximum)
 - Calculate grand total due and enter into box 29
 - Please remove the perforated Privilege License Application upon completion and return with payment to the City- County Tax Collector.