

Taxes and Incentives

Giving decision makers the tools they need to make the right ones.

The Alliance has a wealth of data and information we'd love to share with you. Much of it is available for you to review right here. If there's anything you don't see here that you'd like, please use the links on this page to contact us and request the information. We'll do everything we can to help.

State Levied Taxes

Corporate Income Tax: 6%

The corporate income tax rate in Virginia has not been modified since 1972. As it is applied to federal taxable income, it functions as a deduction from federal taxes. If a corporation is engaged in multi-state activities and its income is subject to tax in Virginia and other states, it pays tax only on the portion of its income from Virginia sources. In determining this portion, income is divided into allocable and apportionable income. Apportionment is based on a formula of payroll, property, and sales that weighs the corporation's Virginia operations against its total operations. The sales factor is double weighted.

Sales and Use Tax: 5% Local: 1% State: 4%

Unemployment Insurance (Tax per Employee)

U.S Average: \$227 Virginia: \$155

Employers must register with the Virginia Employment Commission and pay their unemployment insurance tax if they had one or more persons employed for 20 or more weeks or if they paid wages of \$1,500 or more in any calendar quarter in either the current or preceding calendar year. New Employers pay at a special rate for an initial period, usually 18-29 months, unless the computed rate, based on claims, exceeds the new employer rate. After the initial period, the employer's rate is determined by her/her operational experience and the state's unemployment level is reflected in the financial condition of the Unemployment Compensation Trust Fund.

For a full state listing, [click here](#).

Workers' Compensation Rates (per \$100 of Payroll)

U.S Average: \$3.71 Virginia: \$2.09

Since 1994 Virginia has had a partially regulated "competitive rate" or "loss costs" system to determine workers' compensation rates: The State Corporation (SCC) approves the cost of losses for each industry classification and insurance companies determine the average overhead and profits. "Multipliers" to cover these expenses are filed with the SCC and are subject to periodic review. Studies by Actuarial & Technical Solutions show that Virginia has one of the lowest comparative costs of Workers' Compensation for manufacturers in the nation.

For a full state listing, [click here](#).

Taxes Levied by Locality

HAMPTON ROADS' LOCALITY TAX SUMMARY

For a complete analysis by locality, [click here](#).

Real Estate | Assessed at 100% of its fair market value, is taxed at the local level and includes land, buildings and all improvements.

Business Tangible Property Tax | A tax on levied tangible personal property employed in a trade or business (furniture, fixtures, equipment, machinery, tools, etc.). In Virginia Business Tangible Property is taxed at the local level. Some exemptions apply.

Machinery and Tools Tax | Localities in Virginia are authorized by the Code of Virginia to segregate certain machinery and tools for local taxation. The machinery and tools tax is levied on the machinery and tools that are used for manufacturing, mining, processing or reprocessing, radio or television broadcasting, dairy, dry

cleaning or laundry business. The tax rate on machinery and tools may not be higher than that imposed on other classes of tangible

Utility Taxes | Gas, Electric, Water/Sewer, Telephone, Mobile

Incentives

Virginia Incentives [Overview](#) and [Expanded Report](#) to include enterprise and technology zone information.