



Gross Receipts From Sales of Exported Goods Not Subject To Virginia BPOL Taxes

08.28.2017

On August 24, 2017, the Supreme Court of Virginia issued a tax ruling that is favorable to Virginia taxpayers with international exports. As background, Virginia localities are permitted to impose the Business, Professional and Occupation License tax (or “BPOL Tax”) on taxpayers with a definite place of business in the locality. The BPOL Tax generally is measured on the taxpayer’s gross receipts.

In *Dulles Duty Free LLC v. County of Loudoun*, the county denied a BPOL Tax refund to a taxpayer who operated “duty free” stores at airport terminals. The Court held that the BPOL Tax does not apply to gross receipts from sales of duty free goods to passengers who are traveling outside of the United States. The Court reasoned that the goods were in “export transit” and therefore, fell under the “Import-Export Clause” of the United States Constitution.

The Court overturned the circuit court’s decision that found for Loudoun and remanded the case for a determination of the refund due to the taxpayer. The taxpayer’s BPOL Tax refund claim involved 5 tax years – each with gross receipts of \$13 - \$20 million from international sales. Consequently, the county can expect to pay the taxpayer a hefty refund following the Court’s decision.

The Court’s decision in *Loudoun* clarifies the BPOL Tax as it applies to Virginia exporters. Furthermore, it offers the possibility of a refund of BPOL Taxes to such exporters, assuming that all other statutory requirements are satisfied to claim the refund.

Related People

- Stephanie Lipinski Galland – 202.327.5094 – slipinskigalland@williamsmullen.com
- Kyle H. Wingfield – 804.420.6445 – kwingfield@williamsmullen.com

Related Services

- State & Local Tax