

How BPOL Tax Works: Basic Considerations

1. Local Ordinance
 - Does the locality actually impose the BPOL tax?
2. Business
 - Is the person / entity in question conducting business activities?
3. Definite Place of Business
 - Does the person / entity have a definite place of business in the locality?
4. Classification
 - What type of business is it?
5. Situs
 - Given the type of business, what part of the taxpayer's gross receipts are properly "situated" to the locality?

It is from this "pool" of taxable gross receipts that a deduction could potentially be taken for any receipts attributable to business activity conducted in another state.

Example:

Pleasantville County has adopted an ordinance imposing BPOL tax on the gross receipts of any business with more than \$100,000 in gross receipts. As part of a County economic development initiative, Learn to Dink LLC, a newly formed pickleball coaching company, has established an office in an old blighted service station the County recently redeveloped and is leasing to new start ups. Coaches who work for LTD travel both inside and outside the County providing instructional services at customers' homes, public and private court complexes, schools, and rec centers. A few coaches even travel out of state to perform clinics. The County office serves as the administrative hub where all core business functions are managed, directed, and controlled, but no actual customer services are conducted at the office. LTD earned about \$300,000 in revenue last year from performing its services and is now trying to figure out what its County BPOL tax liability is, if any.