FAIRFAX COUNTY, VIRGINIA

Business Taxes and Fees, 2025-2026

This report highlights major state and local taxes and fees that may be applicable to businesses in Fairfax County. Also included is a comparison of tax rates in major jurisdictions in the Washington, D.C., region. For information on federal taxes, visit irs.gov.

MAJOR TAX RATES IN FAIRFAX COUNTY

Corporate Income	**6.0% Tax Rate**
Personal Income	**5.75% Tax Rate**
Sales	**6.0% Tax Rate**
Business Personal Property	**$4.57 per $100 assessed value**
Real Property (Residential)	**$1.125 per $100 assessed value**
Real Property (Commercial)	**$1.250 per $100 assessed value**

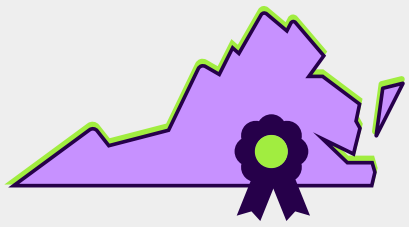
Note: The towns of Herndon and Vienna levy taxes in addition to Fairfax County

QUICK TAX FACTS

- The Fairfax County **real property tax rate** of $1.125 per $100 of assessed value **has declined 35%** from the 1978 level of $1.740.
- Fairfax County has the **lowest BPOL tax rate** in Northern Virginia for most business sectors.
- Fairfax County and Virginia offer a variety of fast, easy, secure methods for businesses to manage their tax accounts. For more information, visit **fairfaxcounty.gov/taxes**.

Virginia allows a number of tax credits and exemptions, including:

- **Major Business Facility Job Tax Credit**
- **Data Center Retail Sales & Use Tax Exemption**
- **Commercial and Industrial Sales & Use Tax Exemption**
- **Major R&D and Refundable R&D Expenses Tax Credit**
- **Green and Alternative Job Creation Tax Credit**
- **Worker Training Tax Credit**



Virginia Has Not Raised Its Corporate Income Tax Rate Since *1972*.

Fairfax County
Economic Development Authority

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TAX RATE REGIONAL COMPARISON

TAX RATES, SELECTED REGIONAL JURISDICTIONS

Regional jurisdictions levy taxes on income, real and tangible property, and the final sales of goods and services. A base comparison rate for selected taxes is just a general guide of tax rates. Basic Tax rates are listed. For a calculation of actual tax liability of any business, a tax professional should be consulted. The Fairfax County Economic Development Authority can assist businesses with tax and business cost comparisons of specific properties in the county.

	Residential Real Property [1] (per $100 assessed value)	Commercial Real Property [1] (per $100 assessed value)	Business Tangible Personal Property (per $100 assessed value)	Corporate Income Tax [2]	Personal Income Tax [3]	Sales and Use Tax
Virginia						
Fairfax County	$1.125	$1.250	$4.570	6.00%	5.75%	6.00%
Arlington County	$1.033	$1.158	$5.000	6.00%	5.75%	6.00%
Loudoun County	$0.805	$0.805	$4.150	6.00%	5.75%	6.00%
Prince William County	$0.906	$0.906	$4.150	6.00%	5.75%	6.00%
City of Alexandria	$1.350	$1.350	$4.750	6.00%	5.75%	6.00%
City of Fairfax	$1.055	$1.055	$4.130	6.00%	5.75%	6.00%
City of Falls Church	$1.210	$1.210	$5.000	6.00%	5.75%	6.00%
District of Columbia	$0.850	$0.890	$3.400	8.25%	10.75%	6.00%
Maryland						
Montgomery County	$0.914	$0.914	$2.601	8.25%	9.70%	6.00%
Prince George's County	$1.112	$1.112	$2.500	8.25%	9.70%	6.00%

[1] Taxes are countywide base rates that include state property taxes for Maryland and the District of Columbia. Additional layers of taxes may be levied based on location and type of property. These include but are not limited to taxes by, on or for towns, cities and municipalities, commercial property, public services and infrastructure.

[2] Corporate income tax is calculated differently in each state and the figures reflect the maximum rate applied to the highest income level.

[3] Personal income tax rates shown are the maximum rate applied to the highest income level.

Sources: Virginia Department of Taxation, District of Columbia Fiscal Year 2026 Budget, Comptroller of Maryland, Fairfax County Fiscal Year 2026 Budget, Fairfax County Department of Tax Administration, Arlington County Fiscal Year 2026 Budget, Loudoun County 2026 Budget, Prince William County 2026 Budget, City of Alexandria 2026 Budget, City of Falls Church 2026 Budget, City of Fairfax 2026 Budget, Montgomery County 2026 Budget and Prince George's County Office of Finance

BUSINESS PROFESSIONAL AND OCCUPATIONAL LICENSE (BPOL) TAX RATES, SELECTED NORTHERN VIRGINIA JURISDICTIONS

Businesses, professions, trades and occupations in many Virginia jurisdictions are assessed a license tax based on gross receipts for the prior year, without deductions. Maryland and the District of Columbia do not levy a gross receipts tax.

Tax Per $100 Gross Receipts

	Fairfax County	City of Alexandria	Arlington County	Fairfax City	City of Falls Church	Loudoun County	Prince William County
Builders and Developers	$0.05	$0.16	$0.16	$0.16	$0.16	$0.13	$0.13
Business Services	$0.19	$0.35	$0.35	$0.27	$0.36	$0.17	$0.21
Contractors	$0.11	$0.16	$0.16	$0.16	$0.16	$0.13	$0.13
Professional Services	$0.31	$0.36	$0.58	$0.40	$0.52	$0.33	$0.33
Retail Merchants	$0.17	$0.20	$0.20	$0.20	$0.19	$0.17	$0.17
Wholesale Merchants	$0.04	$0.08	$0.05	$0.05	$0.08	$0.05	$0.05

Sources: Fairfax County Department of Tax Administration, Arlington County Code, Loudoun County Commissioner of Revenue, Prince William County Department of Finance, City of Alexandria Department of Finance, City of Falls Church Commissioner of Revenue and City of Fairfax Business Tax Calculator

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BUSINESS TAXES

VIRGINIA

Corporate Income Tax

The Virginia **corporate income tax rate is 6%** of taxable corporate income. All corporations registered with the Virginia StateCorporation Commission must file a corporate income tax return with the Virginia Department of Taxation, with certain exceptions:

- **Nonprofit corporations** that are exempt from federal income tax must file and pay taxes only on non-related business taxable income.
- **Banks, trust companies, credit unions, insurance companies and public service corporations** (other than railroads, telecommunications companies, electric suppliers, pipeline distribution companies, gas utilities and gas suppliers) pay other taxes in lieu of the corporate income tax.
- **S-corporations, partnerships and sole proprietorships** also are exempt from this tax, but should contact the Virginia Department of Taxation to determine other tax and reporting requirements.

For more information, visit *tax.virginia.gov.*

Sales and Use Tax

The sales and use tax is levied on retail sales or leases of equipment, furniture and supplies. The tax rate is 6% and is collected at the point of sale.

- Certain purchases are exempt from sales and use tax, including:
  - custom computer software
  - data center equipment
  - spaceport activities
  - items used in research and development
  - items used directly in industrial production, including raw materials
  - materials used in the manufacture of semiconductors and semiconductor wafers

For more information, visit the Virginia Department of Taxation website at tax.virginia.gov. Information on this tax is also available on the Fairfax County Department of Tax Administration website at *fairfaxcounty.gov/taxes.*

Annual Corporate Registration Fee

All corporations authorized to transact business in Virginia must pay an annual registration fee. The fee is $100 for corporations with 5,000 or fewer shares of authorized capital stock. Corporations with more than 5,000 shares pay $100 plus $30 for each additional 5,000 shares (or fractions thereof), up to a maximum fee of $1,700. Non-stock corporations pay an annual fee of $25. Limited Liability Companies, Limited Partnerships and Business Trusts pay $50 annually.

For more information, visit the Virginia State Corporation Commission website – *scc.virginia.gov.*

Withholding Tax

If federal law requires an employer to hold tax from any payment, Virginia also requires withholding. If required to file withholding returns, an employer must register for withholding tax, file income tax withholding returns and pay the income tax to the Virginia Department of Taxation. Virginia deems amounts withheld as payment in trust for the employee's tax liability. Employers are responsible for timely payment and filing of their incurred withholding liability. Employers must also file the withholding forms whether or not there is withholding tax owed. Withholding tax payments are due as follows:

Withholding Liability for Month	Due
Less than $100	Quarterly
$100 – $999	Monthly
$1,000 or more	Semi-weekly

For more information, visit the Virginia Department of Taxation website at *tax.virginia.gov.*

Workers' Compensation Insurance

Employers with three or more employees regularly in service in the same business in Virginia must purchase and maintain workers' compensation insurance with a private insurance carrier, have a certificate of self-insurance issued by the Virginia Workers' Compensation Commission, or be a member of a licensed group self-insurance association. The cost varies by industry, occupation, state and insurance carrier.

For more information, visit the Virginia Workers' Compensation Commission website at *workcomp.virginia.gov/content/employers.*

Unemployment Insurance Tax

Employers must register with the Virginia Employment Commission and pay unemployment insurance tax if they employ one or more persons for 20 or more weeks during a calendar year, or if they pay wages of $1,500 or more during any calendar quarter.

For more information, contact the Virginia Employment Commission at *vec.virginia.gov/employers/unemployment-insurance-information.*

BUSINESS TAXES

FAIRFAX COUNTY

Business, Professional and Occupational License (BPOL) Tax

All businesses (including home-based enterprises and self-employed individuals) located or operating in Fairfax County that have annual gross receipts greater than $10,000 are assessed a Business, Professional and Occupational License (BPOL) tax. Businesses located in the towns of Clifton, Herndon or Vienna, or in the incorporated cities of Fairfax or Falls Church, are not subject to Fairfax County's BPOL tax, but should check business license requirements for those jurisdictions.

New businesses must file a business license application and pay any taxes due within 75 days of the date the business began in Fairfax County. Business license renewal applications must be filed and taxes paid each year by March 1.

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BPOL TAX RATES

The BPOL tax is based on gross receipts for the prior calendar year, without deductions. For businesses operating less than two years, the BPOL tax is based on estimated gross receipts.

Businesses with gross receipts of $100,000 or less must pay a minimum BPOL tax as follows:

Gross Receipts	License/Fee
$0 – $10,000	No license or fee required
$10,001 – $50,000	$30 flat fee
$50,001 – $100,000	$50 flat fee

Businesses with gross receipts over $100,000 are assessed BPOL tax depending on the type of business:

Business	Tax per $100 Gross Receipts
Builders and Developers	$0.05
Business, Personal and Repair Services	$0.19
Consultants	$0.31
Contractors	$0.11
Hotels and Motels	$0.26
Money Lenders	$0.19
Professional and Specialized Services	$0.31
Real Estate Brokers	$0.31
Renting by Owners (residential or commercial)	$0.26
Research & Development (R&D):	
Federal R&D prime contractors	$0.03
Other R&D business	$0.31
Retail Merchants	$0.17
Telephone Companies	$0.24
Wholesale Merchants *	$0.04

** Based on gross purchases*

BPOL EXCLUSIONS AND ADJUSTMENTS

Generally, the amount of gross receipts cannot be reduced by any costs, interests, discounts or expenses. Fairfax County does allow certain specific exclusions and adjustments, including the following:

- **Software development companies** may exclude receipts from the sale, leasing or licensing of computer software that is designed, developed or created from a definite place of business in Fairfax County.
- **Government computer hardware/software sellers**—The original cost (not resale price) of computer hardware or software sold under contract to a state or federal government entity in the United States may be deducted from gross receipts within two years of purchase.
- Businesses may exclude **gross receipts attributable to taxable business activity in another Virginia jurisdiction, state or foreign country.**
- **Receipts of venture capital and other investment funds** (except commissions and fees) are excluded from gross receipts.
- **Nonprofits**—Except for unrelated business income, the income of charitable nonprofit (501(c)) organizations may be excluded from gross receipts. Membership dues received by nonprofits also are excluded.

For more information, visit the Fairfax County Department of Tax Administration website at *fairfaxcounty.gov/taxes.*

Real Property Tax

Real property in Fairfax County is assessed at 100% of its estimated fair market value as of January 1 of each year. The real property tax rate for the 2024 tax year is $1.125 per $100 of assessed value for residential property. Commercial property is taxed at the rate of $1.250 per $100 of assessed value.

Additional property taxes may be levied based on location, including:

- The **towns of Vienna and Herndon** levy an additional real property tax of $0.20 and $0.27 per $100 of assessed value, respectively.
- Commercial and industrial property owners in the **Route 28 Transportation Tax District** pay an additional $0.12 per $100 of assessed value for planned highway improvements.
- Commercial property owners in the **Dulles Rail Phase I Transportation Improvement District** pay an extra $0.09 per $100 of assessed value toward construction of the new Silver Line Metrorail extension between the West Falls Church Metro station and Wiehle Avenue in Reston.
- Commercial property owners in the **Dulles Rail Phase II Transportation Improvement District** from Wiehle Avenue in Reston to Washington Dulles International Airport pay an extra $0.14 per $100 of assessed value for the new Metro line.

Other special taxing districts have been established to support specific services and facilities in the county. To determine if an address is in a special tax district and to calculate the additional levy, visit the Fairfax County Department of Tax Administration website at *fairfaxcounty.gov/taxes.*

- Detailed real estate and property information—including assessed commercial values—may be accessed at *icare.fairfaxcounty.gov.*

Business Personal Property Tax

All businesses in Fairfax County must pay personal property taxes on tangible business personal property (such as computers, furniture and machinery) and company-owned motor vehicles. There is no tax on inventory. Computer equipment which is valued at 50% of assessed cost the first year, and is depreciated to 35%, 20%, 10% then held at 2% of original cost for the duration of ownership all other business personal property is taxed 80% of assessed value in the first year. The depreciation is 10% per year for six years and is held at a 20% floor.

All personal property (except motor vehicles that already have been reported) must be registered with the Fairfax County Department of Tax Administration by May 1. This includes property that has been fully depreciated or expensed for state and federal tax accounting purposes. The personal property rate in Fairfax County is $4.57 per $100 of assessed value. For more information on personal property taxes, visit the Fairfax County Department of Tax Administration at *fairfaxcounty.gov/taxes/business/understanding-tangible-property-vehicles.*

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OTHER TAXES AND FEES

VIRGINIA

Communication Sales and Use Tax

A 5% consumer sales tax is imposed by service providers on the charge for or sale of land line and wireless telephone service. The Commonwealth also levies a statewide E-911 tax of $0.75 per telephone land line and VOiP line. E-911 levies for mobile phones are $0.94 for postpaid wireless and $0.63 for prepaid wireless.

For more information, visit *tax.virginia.gov/communications-taxes.*

Utility Consumption Tax

A state consumption tax is levied on kWh (kilowatt hour) usage of electricity and CCF (100 cubic feet) usage of natural gas. The tax appears as a separate entry on monthly electric and gas bills.

For more information, contact the Division of Public Service Taxation, Virginia State Corporation Commission, at *scc.virginia.gov/pages/Taxes-and-Fees.*

FAIRFAX COUNTY

Transient Occupancy Tax

Fairfax County collects a 9% tax on hotel, motel rooms or space rentals. The Fairfax County collection rate applied to the towns of Vienna and Herndon is 5%, for effective rates of 8% and 11%.

For more information, visit the Fairfax County Department of Tax Administration website – *fairfaxcounty.gov/taxes.*

Consumer Utility Taxes

Fairfax County levies a tax on kWh usage of electricity and CCF usage of natural gas. The tax appears as a separate entry on monthly electric and gas bills.

For more information, visit *fairfaxcounty.gov/taxes/consumer-taxes.*

Water and Sewer Usage Rates

Water and sewer usage are billed quarterly by Fairfax Water.

- Water service is billed quarterly at a rate of $4.03 per 1,000 gallons of water consumed.
- Sewer service charge is $9.33 per 1,000 gallons of water used each quarter.

For more information, visit *fairfaxwater.org.*

ELECTRONIC TAX MANAGEMENT

VIRGINIA

Virginia businesses can manage their tax accounts electronically through VATAX Online for Business, which includes:

- **iFile/iReg for Business** *(tax.virginia.gov/content/ireg-eligibility-and-getting-started)* allows new businesses to register online for most business taxes with the Virginia Department of Taxation and the Virginia Employment Commission.
- **Online Services** *(tax.virginia.gov/eforms)* enables business taxpayers to file and pay sales and use, employer withholding, unemployment and estimated corporate income taxes online.

Taxpayers and tax professionals also can search the Tax Policy Library and download business tax forms at *tax.virginia.gov.*

FAIRFAX COUNTY

Most Fairfax County taxes may be paid online or by phone. Tax forms and instructions can be downloaded at *fairfaxcounty.gov/dta/forms.*

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