



## Frequently Asked Questions - Local Business Tax Certificate

Is the Local Business Tax a license to do business in the City?

Licenses are issued by the State of Florida, not the City of Sarasota. The Local Business Tax is a **tax for operating a business within the City limits of Sarasota**. The Local Business Tax was previously known as an Occupational License; however, the State of Florida changed the name in 2007 to Local Business Tax.

How much does a Local Business Tax cost?

The tax amount varies depending on how your business is categorized, i.e. business office, merchant, restaurant, to name a few. You will need to contact the City of Sarasota Local Business Tax Division at 941-263-6469 regarding tax amount for a specific business. Retail operations will need to provide the average inventory (stock-on-hand) value to get an accurate quote.

Why must I obtain a Local Business Tax Certificate?

The law requires securing a tax certificate prior to opening or operating a business in the City. The City also ensures, through the application and renewal processes, that all members of the City's thriving business community are in compliance with the Florida statutes and have the proper state and federal licenses. The City is required to make sure that any business operating in the City limits meet the City's codes.

When does an individual need a separate Local Business Tax Certificate?

Anyone who must have a professional license to perform their job (such as a doctor, hairdresser, CPA, attorney, etc.) must pay a Professional Business Tax to work within the City limits.

Whom does a Local Business Tax Certificate cover?

A Local Business Tax Certificate covers all regular employees of a single enterprise and a single location. An alternate location requires an additional Local Business Tax Certificate. An alternate business name or fictitious name also requires an additional Local Business Tax Certificate. Employees requiring a professional license, independent contractors, and non-employees must pay an individual business tax. The Local Business Tax Certificate for the business does NOT cover anyone paid with a 1099; they must have their own Local Business Tax Certificate.

## **Frequently Asked Questions - Local Business Tax Certificate - continued**

Do people working from home need a Local Business Tax Certificate?

Yes. Everyone doing business in the City of Sarasota must have a Local Business Tax Certificate. This includes anyone doing business out of their home, as well as those with a traditional office or shop. All home-based businesses within the City limits of Sarasota must apply for a Local Business Tax.

Do non-profit organizations, churches and charitable organizations need Local Business Tax Certificates?

There is a specific exemption for religious and charitable organizations, including fraternal, civic and social service organizations. A Business Tax Certificate for these organizations is not required. Please refer to section 205.192 of the Code of the City of Sarasota for details and call the Local Business Tax division at 941-2263-6469 to determine if your organization qualifies for this exemption. Many organizations need a Local Business Tax Certificate to open a bank account or to perform other normal business tasks. A Local Business Tax Certificate can be issued to qualified non-profit entities. Simply complete the Local Business Tax Certificate Application and return it to the Local Business Tax division; the tax is waived. Application for a business tax certificate also ensures that the organization meets all applicable Zoning codes.

What happens if I do not obtain a Local Business Tax Certificate or fail to renew?

The Code of the City of Sarasota provides for penalties and fines, plus the cost of enforcement (inspections, citations, summons, etc.) for entities that operate within the City limits without a Local Business Tax Certificate.

If my business changes or moves, do I need a new Local Business Tax Certificate?

Yes. We request that businesses in our community report any changes with their Local Business Tax. This makes sure that every member of the community is treated fairly and that our zoning regulations are met. Please call the Local Business Tax division at 941-263-6469 and let us know about any changes. We will update our records and ensure that the Local Business Tax covers the business.

Can a business tax be transferred when there is a change in ownership?

All local business tax certificates may be transferred to a new owner when there is a bone fide sale of the business. The transfer fee is equal to 10% of the annual tax for the business (minimum \$3.00 and maximum of \$25) for each transfer. The business tax certificate must be transferred before the new owner initiates business operations.

How does a fictitious name affect a Local Business Tax Certificate?

Florida statute requires that a business has the fictitious name registered with and approved by the State prior to the issuance of the Local Business Tax Certificate. The State process normally takes about two weeks. You must have a separate Local Business Tax Certificate for each fictitious name. If a single organization operates under two or more names, or your organization uses different names for different business lines, you are required by code to obtain a Local Business Tax Certificate for each name.

Does a certified building contractor need a Local Business Tax Certificate?

A Local Business Tax Certificate is required if the business is located within the City limits. The issuance of the business tax certificate is based on the location of the business and not a particular job.