

# **Doing Business in the City of Danville and Pittsylvania County**

## *A resource guide for small business startup and operation*

### **Introduction**

This guide is a project of the Danville Pittsylvania County Chamber of Commerce Business Development Committee. This publication is not intended to serve as a business textbook, nor does it contain all of the information that you will need for your particular type of operation. If you have already decided to go into business, this booklet outlines some of the steps necessary to begin planning for your business. Every effort has been made to assure the accuracy of the information contained in this publication. However, we invite you to notify the chamber of any discrepancies or corrections for future editions.

### **The Beginning**

Studies reveal the underlying causes of business failure include incompetence, lack of business experience, lack of a market, fraud, and disaster. Management deficiencies cause nine out of ten failures. Businesses do not fail for lack of money as much as for lack of money management. Many business failures could have been prevented if the owners had a better understanding of the management and marketing practices necessary to run a business successfully. If you are ready to accept the risks, then you can get down to serious planning.

### **The Market**

Make sure there is a sufficient market for the goods or services you plan to provide. Develop a working knowledge of the wants and needs of the people in the community. This knowledge or information can be obtained in three ways:

1. Your own personal insight or background – If you have lived in this area for a reasonable amount of time, you are probably familiar with people’s wants and needs.
2. Secondary Research – By studying already prepared general market data you can get a statistical look at the market you are entering.
3. Primary Research – Actually getting out into the field and doing new research directed specifically toward your product or service is by far the best method for obtaining the needed information. It is also the most expensive.

### **The Business Plan**

For a new business, a comprehensive plan can make the difference between success and failure. Planning increases the probability that an existing business will function well and grow in an organized manner. An excellent starting place is the Small Business Development Center “Cookbook.” This booklet, “How to Start Your Own Business: A Recipe for Obtaining Capital” is designed to give prospective small business owners a brief overview of what it takes to make the dream of operating your own business a reality and is a guide for preparing a business plan/loan proposal. Contact the Longwood University SBDC: Dan River at 434.791.7321 for a copy. The SBDC is located at 300 Ringgold Industrial Parkway, Danville, VA, 24540.

For some medium and larger businesses, the Danville Industrial Development Authority and the Pittsylvania County Industrial Development Authority can issue bonds. Information can be obtained from the Danville Economic Development Office at 434.793.1753, from Pittsylvania Economic Development at 434.432.1669 or from the Pittsylvania County Administrator at 434.797.7700.

Portions of the City of Danville have been designated as an Urban Enterprise Zone by the State of Virginia to encourage development within these areas. Businesses may be eligible to receive state tax

incentives and may also benefit from various city incentives. Information can be obtained by contacting the city's Community Development Division at 434.799.5263.

**Insurance**

Choose a commercial insurance agent who can write the coverage and advise you on the types of coverage and the appropriate amounts of protection in each category of insurance. You may want to consult an attorney to determine if the terms of the policy are favorable to your business. The following are some of the types of insurance that you may need: building, personal property (inventory, equipment, etc.), comprehensive general liability, workers compensation, bonding, commercial vehicle, life insurance, business interruption, and health insurance.

**Legal**

The form of business ownership you choose will depend on a variety of factors. Choices include sole proprietorship, partnership, C-corporation, S-corporation, Limited Liability Company, and Professional Corporation among others. The primary factors involved in the selection of business entity are the potential tax ramifications and possible protection from liability. Consult with an attorney and a CPA before making the final choice. Additional information about selecting a business entity is included in this guide.

Once the business entity is chosen and the capitalization process is complete, the business must be managed and operated in compliance with federal, state and local laws. There are also responsibilities from contractual arrangements with employees, suppliers and customers of the business. Verbal agreements are enforceable in the courts of the Commonwealth. The rights and responsibilities of your business should be set forth in a contract, or at least by letter, in order to avoid disputes about the terms of a verbal agreement.

Invest in a set of working documents such as invoices, letters, purchase orders, personnel policies, leases, and appropriate disclaimer or warning notices regarding the business premises or products. Consult with an attorney and/or a CPA to prepare and/or review these documents before they become working tools of the business.

After getting started you may still have an occasional need for an attorney. Legal needs most often associated with small businesses include: acquiring property, borrowing money, tax problems, planning, employer-employee relationships, litigation, credit problems, and disposing of business assets. Your lawyer can also help you make sure you are in compliance with the Uniform Commercial Code of Virginia.

**Market Media Information**

So you're ready to open your new business! Have you developed a marketing plan? The objective of most marketing and advertising programs is to reach the greatest number of target audience prospects at the lowest cost in the shortest amount of time.

The Danville and Pittsylvania County area are served by a broad range of advertising media, including print, radio and TV. The Danville Register & Bee is published daily, Monday through Sunday mornings. The area is served by three weekly newspapers, the Star Tribune, the Altavista Journal and the Piedmont Shopper. The area is served by several commercial radio stations, including:

WAKG-FM	103.3	100,000 watts
WPXX-FM	106.7	6,000 watts
WBTM-AM	1330	5,000 watts
WDVA-AM	1250	5,000 watts

WILA-AM 1580 1,000 watts  
WLNI-FM 106.3 6,000 watts

The Danville region is also served by affiliates of all four major television networks and a host of independents in both Virginia and North Carolina. The local cable service offers a wide variety of selections, along with premium pay services.

### **Networking**

There are several different events, clubs and groups that may help you become involved in and serve your community. In addition to numerous civic organizations, the chamber of commerce offers opportunities throughout the year for business owners and representatives to gather together and network. For more information on networking opportunities in the area, contact the Danville Pittsylvania County Chamber of Commerce. They can also provide you with information on local civic groups and organizations.

### **Additional Information**

Danville Pittsylvania County Chamber of Commerce  
8653 US Highway 29/P.O. Box 99  
Blairs, VA 24527  
434.836.6990  
Email: [chamber@dpchamber.org](mailto:chamber@dpchamber.org)  
Website: [www.dpchamber.org](http://www.dpchamber.org)

Branch Office:  
635 Main Street  
Danville, VA 24541

Satellite Office:  
101 Center Street  
Gretna, VA 24557

Department of Community Development and Engineering  
City of Danville, Municipal Building  
418 Patton Street / P.O. Box 3300  
Danville, VA 24543  
434.799.5260  
[www.ci.danville.va.us](http://www.ci.danville.va.us)

West Piedmont Planning District Commission  
One Starling Avenue / P.O. Box 5268  
Martinsville, VA 24112  
276.638.3987  
[www.wppdc.org](http://www.wppdc.org)

Pittsylvania County Economic Development  
38 Main Street / P.O. Box 1122  
Chatham, VA 24531  
434.432.1669  
[www.pittced.com](http://www.pittced.com)

Danville Economic Development Office  
427 Patton Street / P.O. Box 3300  
Danville, VA 24543  
434.793.1753

Longwood University SBDC: Dan River  
300 Ringgold Industrial Parkway  
Danville, VA 24540  
434.791.7321  
[www.danriversbdc.org](http://www.danriversbdc.org)

Dan River Business Development Center  
300 Ringgold Industrial Parkway  
Danville, VA 24540  
434.793.9100  
[www.drbdc.com](http://www.drbdc.com)

Downtown Danville Association  
635 Main St.  
Danville, VA 24541  
434.791.4470  
[www.downtowndanville.org](http://www.downtowndanville.org)

Town of Chatham  
16 Court Place  
Chatham, VA, 24531  
434.432.9515  
[www.victorianvilla.com/sims-mitchell/local](http://www.victorianvilla.com/sims-mitchell/local)

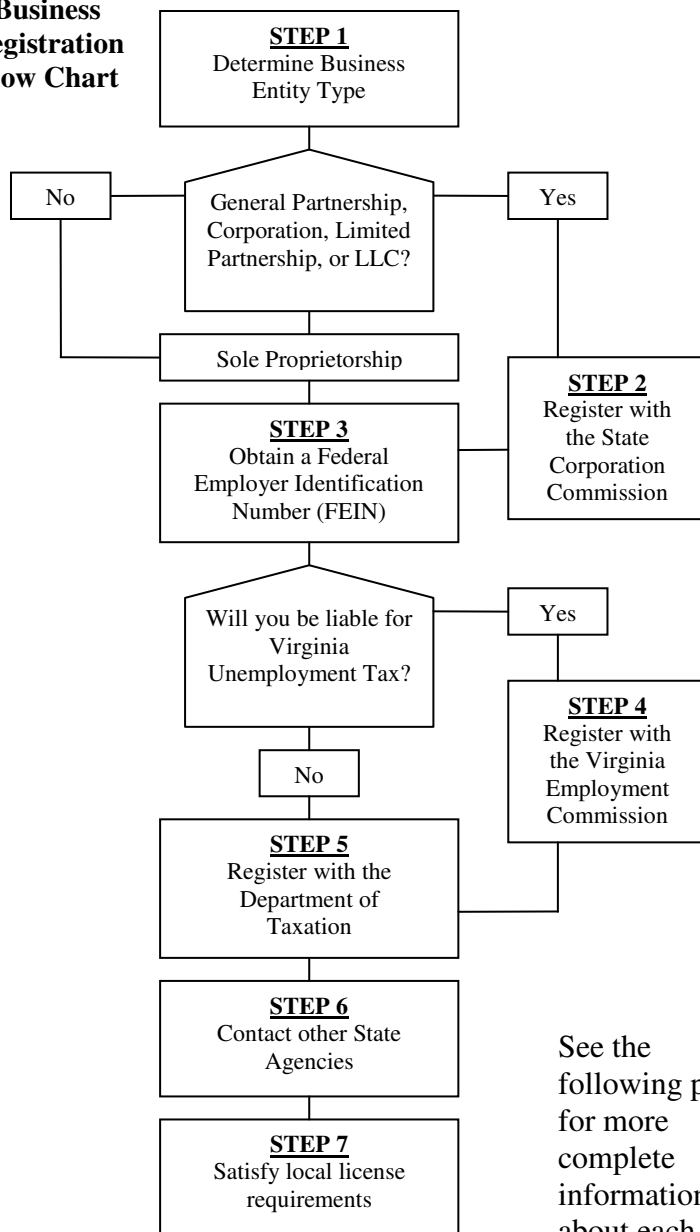
Town of Gretna  
107 South Shelton Street  
Gretna, VA 24557  
434.656.6572  
[www.pe.net/~rksnow/vacountygretna.htm](http://www.pe.net/~rksnow/vacountygretna.htm)

Town of Hurt  
533 Pocket Road  
Hurt, VA 24563  
434.324.4411

Virginia Department of Business Assistance  
804.371.8200  
[www.dba.state.va.us](http://www.dba.state.va.us)

Virginia Economic Development Partnership  
804.371-8100  
[www.yesvirginia.org](http://www.yesvirginia.org)

**Business  
Registration  
Flow Chart**



See the following pages for more complete information about each step.

**STEP 1 – BUSINESS ENTITY**

**FORMS OF BUSINESS OWNERSHIP**

- Sole Proprietorship
- Partnership
- C-Corporation
- S-Corporation
- Limited Liability Company

**Sole Proprietorship:** A sole proprietorship is the easiest to start and is the most common type of business entity. A sole proprietorship is an unincorporated business that is owned and operated by one person. This person receives all the profits and is personally liable for all the losses.

**General Partnership:** A partnership is an association of two or more persons who carry on a business for profit as co-owners. Each partner contributes money, property, labor and/or skills, and agrees to share in the profits or losses of the business.

**Corporation:** A corporation is more expensive and difficult to form than a sole proprietorship, but corporations may have several tax and liability advantages. Ownership is divided into shares of stock. Two types of corporations are the C-Corporation and the S-Corporation. Many smaller corporations opt for the S-Corporation. It is best to consult an attorney or CPA in order to determine the business organization that would be best for your particular situation.

**Limited Liability Company:** The owners of this type of business entity have limited liability like corporate shareholders, but the business is treated as a partnership for income tax purposes.

## **STEP 2 – STATE CORPORATION COMMISSION**

### **SHOULD YOU REGISTER WITH THE VIRGINIA STATE CORPORATION COMMISSION?**

**Sole Proprietorship:** You do not need to file with the State Corporation Commission. If your business is operating under an assumed name you must register the fictitious name with the Clerk of Circuit Court of the county or city where the business will be transacted. A registration fee is typically charged.

**General Partnership:** A partnership certificate must be signed and filed with the clerk of the circuit court in the county or city where business is to be conducted.

**Limited Partnerships, Corporations, Limited Liability Companies,** etc. must complete Articles of Incorporation or Articles of Organization and file with the State Corporation Commission. The SCC will then notify the local Clerk's Office about incorporated businesses. It is possible to file these documents yourself using the "Commonwealth of Virginia Business Registration Guide." This booklet is available from the SCC's Web site ([www.state.va.us/scc](http://www.state.va.us/scc)), The Virginia Employment Commission, and the Virginia Department of Taxation. The Dan River Small Business Development Center also has a limited supply.

Consider consulting with an attorney and/or a CPA about your legal structure.

### **VIRGINIA INCORPORATION FEES**

The Charter Fee for a stock corporation is based on the number of authorized shares of stock shown in the articles of incorporation. The rate is \$50 for every 25,000 shares of stock. The Filing Fee for articles of incorporation is \$25. There is also an Annual Registration Fee. (All fees are subject to change.) For additional information, contact:

State Corporation Commission Clerk's Office  
Post Office Box 1197  
Richmond, Virginia 23209  
804.371-9733  
[www.state.va.us/scc](http://www.state.va.us/scc)

## **STEP 3 – FEDERAL EMPLOYER IDENTIFICATION NUMBER (EIN)**

Sole Proprietors with NO employees can operate a business using the proprietor's Social Security number. IRS form SS-4 may be obtained at the local IRS office or at most local banks and accounting firms. The IRS will mail you the tax guide and forms when you apply for your business EIN. You must obtain a Federal EIN if:

1. You are sole proprietor with at least one employee or a Keogh Plan.
2. Your business is a partnership.
3. Your business is a corporation.
4. You are a new owner of an existing business that is required to use a federal EIN. (The federal EIN of a former owner cannot be used.)
5. You are a sole proprietor who enters into a partnership or corporation.
6. The partnership or corporation must obtain its own Federal EIN.

An EIN application is available online at [www.irs.gov/businesses](http://www.irs.gov/businesses). For specific questions about the EIN, call 800.829.4933.

Find out about federal tax obligations by reading IRS Publication 15, Circular E, Employer's Tax Guide. This guide also contains instructions for forms that you will be required to file. For tax questions call the IRS toll free at 800.829.1040. To obtain federal tax forms, call toll free 800.829.3676 or go to [www.irs.gov](http://www.irs.gov).

## **STEP 4 – VIRGINIA UNEMPLOYMENT COMMISSION**

### **VIRGINIA UNEMPLOYMENT INSURANCE TAX**

Your business is subject to Virginia unemployment tax if at least one of the following conditions is met:

- Your business has at least one employee for some portion of any day, in each of 20 different weeks in a calendar year.
- Your business has \$1,500 in total gross quarterly payroll in any calendar quarter.

Basic tax rates range from a minimum of zero percent of the first \$8,000 of each employee's annual wages to a maximum of 6.2 percent.

Virginia Employment Commission  
Customer Service  
165 Deer Run Road  
Danville, VA 24540  
434.791.5291

### **WORKERS' COMPENSATION INSURANCE**

Employers must carry workers' compensation insurance with a private insurance carrier if they have three or more employees. Employers cannot deduct any part of the cost of workers' compensation insurance from the wages of any employee.

Virginia Workers' Compensation Commission  
1000 DMV Drive  
Richmond, Virginia 23220  
804.367.2069

## **STEP 5 – DEPARTMENT OF TAXATION**

### **SALES AND USE TAX**

Application must be made to the state in order to obtain a certificate to collect sales and use taxes. There is a one-time charge for certification. Apply to:

Commonwealth of Virginia  
Sales and Use Tax Division  
Box 1103  
Richmond, VA 23208

The Form R-1 application is also available online at [www.tax.state.va.us](http://www.tax.state.va.us).

The sales and use tax is imposed at the state and local levels in Virginia. The combined rate is 5.0 percent (4.0 percent state and 1.0 percent local). A seller is subject to a sales tax imposed on gross receipts derived from retail sales or leases of taxable tangible personal property unless the retail sales or leases are specifically exempt by law. Verify current tax rates with the appropriate offices.

Retail sales are defined as sales to any person for any purpose other than for resale. If retail sales of tangible personal property are made in Virginia during the regular course of business, sales tax must be collected on the gross receipts and sent to the Department of Taxation. The tax must be collected from customers by separately showing the amount of tax and adding it to the price.

### **INCOME TAX WITHHOLDING**

When you obtain a Federal Employers Identification Number (EIN) you will receive information regarding federal withholding for employees. Employers are also required to register with the Virginia Department of Taxation and to deduct and withhold state income taxes from employees' wages. For additional information, contact:

Virginia Department of Taxation  
Office of Customer Services  
Post Office Box 1115  
Richmond, Virginia 23218-1115  
804.367.8037  
[www.tax.state.va.us](http://www.tax.state.va.us)

### **PAYROLL AND WAGES**

Employers operating a business in Virginia must establish regular pay periods and rates of pay for all employees except executive personnel. The federal minimum wage is \$5.15 per hour. Complete details about the Virginia Minimum Wage Law may be obtained from:

Virginia Department of Labor and Industry  
Division of State Labor Law Administration  
Powers-Taylor Building  
13 South Thirteenth Street  
Richmond, Virginia 23219  
804.786.2386  
[www.dli.state.va.us](http://www.dli.state.va.us)

## **STEP 6 – OTHER STATE AGENCIES**

### **BUSINESS AND OCCUPATIONAL LICENSES**

The Virginia Department of Professional and Occupational Regulation issues state licenses and regulates the following businesses and occupations:

- Appraisers
- Architects
- Asbestos/Lead-Related Occupations
- Auctioneers
- Barbers
- Branch Pilots
- Certified Interior Designers
- Certified Public Accountants
- Certified Landscape Architects
- Certified Professional Soil Scientists
- Contractors/Tradesmen
- Cosmetologists
- Geologists
- Hearing Aid Specialists
- Home Inspectors
- Land Surveyors
- Nail Technicians
- Opticians
- Polygraph Examiners
- Professional Engineers
- Real Estate Agents
- Real Estate Appraisers
- Waste Management Facility Operators
- Water and Wastewater Works Operators

For additional information about state business and occupational license requirements, contact:

Virginia Department of Professional  
and Occupational Regulation  
3600 West Broad Street, 5th Floor  
Richmond, Virginia 23230-4917  
804.367.8500  
[www.dpor.state.va.us](http://www.dpor.state.va.us)

### **TRADEMARK REGISTRATION**

State Corporation Commission  
Division of Securities and Retail Franchising  
1300 East Main Street  
Richmond, Virginia 23219  
804.371.9178  
[www.state.va.us/scc](http://www.state.va.us/scc)

## STEP 7 – LOCAL REQUIREMENTS

### CITY/COUNTY LICENSES AND BUSINESS TAXES

**Bonding** – Class B Registered Contractors (building, plumbing, mechanical, electrical) must be bonded prior to obtaining a business license. Forms can be obtained from the Inspections Division of the Department of Community Development at 434.799.5263.

**Registration** – If you have a sole proprietorship with a fictitious name or you have a partnership, you must register your business with the appropriate Clerk of the Court. Fees may apply. If you are an S-Corp., C-Corp., LLC, LLP, etc., you must register with the State Corporation Commission. The SCC will then notify the Clerk's Office about incorporated businesses.

All businesses located in the city are required to obtain a business license from the Commissioner of the Revenue. Pittsylvania County does not require a business license; however, the Towns of Gretna and Chatham do require a business license. If the business has revenues in several locations, the licensing tax might be prorated among the various governing bodies.

Take precautions to ensure that your business location can be used for the present and proposed purposes. Construction must be preceded by the issuance of a building permit and, in some instances, the issuance of a certificate of appropriateness by the Commission of Architectural Review. Other licensing requirements may be applicable depending on the nature of the business itself. For example, a construction company will need to make application with the State for a contractor's license.

**State Business License** – The local Commissioner of Revenue will issue, where required, a state business license and collect the required fee.

NOTE: Danville is an independent city. Danville residents are not subject to county taxes. County residents are not subject to city taxes. Residents of Gretna, Hurt, and Chatham are subject to town and county taxes.

### DANVILLE

**City Business License** – Required for the operation of all business within the City of Danville. Purchase your business license from the Commissioner of the Revenue. 434.799.5145. The commissioner's office is located at 311 Memorial Drive in Danville.

Before you can be issued a license, you must:

1. Obtain zoning clearance from Community Development (see below); and
2. Register your fictitious business name with the Clerk of the Court, 401 Patton Street, Danville. 434.799.5168.

**Danville Zoning Clearance** – Information may be obtained by calling Community Development Zoning Division at 434.799.5262. Community Development is located in the Municipal Building, Room 207, Patton Street, Danville.

**Business Taxes** – The city taxes real estate, machinery and tools. For current rates and information, contact the Commissioner of the Revenue 434.799.5145.

**Building Codes** – All jurisdictions in the Danville area have building codes that require permits and inspections for any alterations or new construction, electrical, mechanical or plumbing work. Contact the City Inspections Division at 434.799.5263.

**Fire Marshal** – An inspection of the business location by the Fire Marshal’s office is required. There are several types of businesses that require special permits from the Fire Marshal’s office and/or must conform to provisions outlined in the Fire Code. Information may be obtained by contacting the Fire Marshal in Danville at 434.799.5226.

*Restaurants, grocery stores, day care facilities, etc.,* must be inspected and approved by the **Health Department**. Contact the Public Health Department at 434.799.5190 during your planning. In addition, these businesses must contact the Commissioner of the Revenue regarding the local meals sales tax.

**Refuse** – Contact the Danville Public Works Department at 434.799.5245 to inquire about garbage and debris collection.

### **PITTSYLVANIA COUNTY**

**Zoning Administrator** – Pittsylvania County information is available from the Zoning Administrator’s office at 434.432.7750.

**County Building Inspections** – Call 434.432.7750 for information.

**County Business Licenses** – Pittsylvania County does not require a business license, however, certain types of businesses located in the county and doing business in Danville are required to obtain a license and pay the fee on the gross receipts realized in the city. Contact the Danville Commissioner of the Revenue to find out how your business is classified.

The Towns of Gretna and Chatham do require a business license for businesses located within town limits.

Town of Chatham	Town of Gretna
16 Court Place	107 South Shelton Street
Chatham, VA, 24531	Gretna, VA 24557
434.432.9515	434.656.6572

**Business Taxes** – For current information and rates on real estate, machinery and tools tax, contact the county Commissioner of the Revenue at 434.432.7940.

**Fire Marshal** – There are several types of businesses that require special permits from the Fire Marshal’s office and/or must conform to provisions outlined in the Fire Code. Contact the Pittsylvania County Fire Marshal at 434.432.7936.

*Restaurants, grocery stores, day care facilities, etc.,* must be inspected and approved by the **Health Department**. Contact the Pittsylvania-Danville Health Department at 434.432.7232 during your planning. In addition, these businesses must contact the Commissioner of the Revenue regarding the local meals sales tax.

**Refuse** – The county uses a dumpster system. Contact the Danville Pittsylvania County Chamber of Commerce at 434.793.5422 or 434.432.1650 for more information on private firms serving your locality.