

TOP REGULATORY QUESTIONS ABOUT BUSINESS LICENSE ANSWERED



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If your company does business in multiple jurisdictions, business license compliance is critical to maintaining uninterrupted operations. But for many companies, it isn't always a top priority. In our webinar, [Top Regulated States for Business Licenses](#), we learned that 42.2% of the audience had not reviewed their business licenses portfolio for compliance changes.

Maintaining business license is a complex task. Up to 65% of license registration requirements change annually, and enforcement against business license violations is increasing. Indeed, business license tax collections are growing twice as fast as other types of mandated taxes and fees. In addition, there may be new obligations due to the COVID-19 pandemic and its impact on business operations.

To help you navigate the ever-shifting landscape, we've compiled answers to some of your questions on business license regulations.

WHICH STATES ARE THE MOST REGULATED?

Regulation levels vary by industry. But the states that tend to be the strictest in terms of business license compliance include Alabama, California, Florida, Virginia, and Tennessee. Learn more about the top regulated states for business licenses and what's driving enforcement.

WE HAVE EMPLOYEES WORKING FROM HOME IN DIFFERENT JURISDICTIONS / STATES. ARE BUSINESS LICENSES REQUIRED FOR EACH JURISDICTION?

As of October 2020, Connecticut, Washington, D.C., Hawaii, Iowa, North Carolina, New Hampshire, and New York do not have requirements for remote employees.

However, we are seeing a trend in local-level jurisdictions requiring a home occupation permit or business license — sometimes irrespective of whether revenue is being generated in that state.

Always conduct research to obtain the correct requirements based on the employee's home address. These requirements are continuously evolving, and it is important to map out your risk levels and maintain a cadence of updating your research semi-annually or annually.

WE ARE AN ONLINE COMPANY. DO WE NEED TO REGISTER IN ALL 50 STATES?

If you sell online, depending on the tax nexus and types of products or services sold, you may need a license in every jurisdiction where you have a customer. To learn more about this requirement, read [Online and remote sellers feel the impact of the Wayfair decision](#).

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This information is not intended to provide legal advice or serve as a substitute for legal research to address specific situations.

HOW OFTEN DOES A BUSINESS LICENSE FALL WITHIN THE COUNTY RATHER THAN THE CITY? IT'S HARD TO DISTINGUISH AT TIMES BASED ON WHERE A LOCAL COMPANY OFFICE IS LOCATED.

We find this to be more industry specific. When looking at your established tax nexus, it is important for you to consider license requirements. Typically, there is no consistency among the authorities. This is what makes business license compliance so difficult. Unless you have conducted research and consistently stayed up to date on them utilizing technology or authority notifications, this will continue to be a challenge.

ARE THERE RECIPROcity PRIVILEGES FOR CERTAIN BUSINESS LICENSES?

There are certain industries that allow for reciprocity, depending on your industry and the state requirements. For example, you are an attorney registered in New York and currently have your headquarters in NYC. Your firm is expanding internationally, and you are also considering opening up in Texas and Washington, D.C. Does the fact that you are already working in New York facilitate the procurement of licenses in the other states?

In the case of establishing a law firm, you would need to consider the type of entity used in the formation. Is it a

professional corporation? Or is it a PLLC (professional limited liability company)? These impact how to address your license needs.

Some of the top industries offering reciprocity are insurance, auction, contracting, engineering, and architecture. Although reciprocity is offered, the individual will still be required to take an exam and prove that they understand the laws of their profession.



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LEARN MORE

Creating a compliance plan and developing a strategy to ensure the compliance portfolio offers long term protection is key to lowering risk due to non-compliance. Compliance begins with proper and extensive research into the licensing requirements applicable to your business operations in every location.

With guidance from your CT Business Consultant, you can develop a path to compliance. To learn more about how CT can help you manage your [business license needs](#), contact your CT Service Representative or call (844) 400-9804.