



Frequently Asked Questions

Updated March 4, 2024

What are Vancouver's business license requirements?

In accordance with Vancouver Municipal Code 5.04, a person or entity that engages in business in the City of Vancouver is required to hold a Vancouver business license.

Why did the fees change April 1, 2023?

To respond to community priorities identified in the recently approved 2023-2024 biennial budget, the Vancouver City Council made changes to City business license fees to generate additional revenue to make investments increased police services, park playground replacements, new roads, and economic development and job creation programs. The changes will also reduce the fee burden on the smallest businesses in Vancouver, and those conducting limited business in the city.

What changed?

There are now five changes to the City's business license fees:

1. Income criteria for being exempt from paying all City business license fees will change; businesses that report generating a gross annual income in the city of \$2,000 or less will be exempt from all City business license fees. This is a reduction from the previous "fee-exempt criteria" threshold of \$12,000 or less. This fee exemption is aimed at benefitting very small businesses in the community, as well as, visiting businesses that may do a limited amount of business in the city.
2. A new fee category was created for profit businesses that report generating a gross annual income in the city of more than \$2,000 through \$50,000. This business will be charged a reduced Business License Fee of \$50, and no Business License Fee Surcharge (employee fee).
3. Both the Business License Fee and Business License Fee Surcharge (employee fee) amounts will increase to a \$300 Business License Fee and \$105 Business License Fee Surcharge (employee fee). These fees will increase in future years according to the schedule in Vancouver Municipal Code 5.04.090 and 5.04.095.
4. The income criteria for charging the new fees will increase. A for-profit business that reports generating a gross annual income in the city of more than \$50,000 will be charged the new Business License Fee plus new Business License Fee Surcharge. This income threshold is an increase from the previous threshold of "more than \$12,000."
5. For the purposes of determining the amount of Business License Fee Surcharge (employee fee), the number of "employee" hours in a 12-month period that is reported on a Washington State Department of Revenue (DOR) business license application or renewal form will be divided by 1,664 hours; before multiplying calculated number of employees by the surcharge (employee fee) of \$105 per calculated employee, as of April 1, 2023. The definition of "employee" remains the same and includes pay-rolled employees, owners, managers, partners, and officers that perform work in the city.

Can I get help estimating the new fees for my business license?

Yes, the city set up a calculator for estimation purposes, visit www.cityofvancouver.us/feecalculator.

My business was exempt from paying all City business license fees; will I need to pay now?

Under the new fee structure, your business will continue to be exempt from all city business license fees if it generates a gross annual income in the city of \$2,000 or less. If it generates a gross annual income in the city of more than \$2,000, fees will be based on fee structure shown in table above.

My business was exempt from paying the Business License Fee Surcharge (employee fee); will I need to pay now?

Non-profit organizations and qualifying small businesses will be exempt from the Business License Fee Surcharge (employee fee).

How do I pay?

Any required city license fee payment for a Vancouver business license application or renewal will continue to be processed by the city's licensing partner, the Washington State Department of Revenue (DOR), Business Licensing Service (BLS) through a business's [My DOR account](#). DOR BLS customer service staff are available for assistance with applications and renewals, at 360-705-6741 or bls@dor.wa.gov.

What is the Business License Fee Surcharge?

The Business License Fee Surcharge (employee fee) is a charge that local government may collect in addition to the Business License Fee to help fund municipal services. Vancouver adopted a surcharge in 2007 to fund transportation investments. Over the last 15 years the surcharge amount has increased to support additional transportation improvements, funding for police services, and other general fund services. Increasing the Fee Surcharge will generate additional funding for transportation, public safety, park playground replacement, homeless services, and economic development.

How much revenue will the Business License Fee Surcharge generate?

The changes to the Surcharge (employee fee) part of the business license fees are forecast to generate approximately \$10.9 million in new revenue on full implementation by 2030. The total revenue from this source is forecast to be \$9 million in the 2023-24 biennium, with the following appropriation over the two-year period: \$1.6 million to Parks for playground replacement, \$1.6 million for Police, \$3.6 million for new capacity building projects in Transportation, and \$2.2 million for Economic Development Funding to start creating a revolving fund for reinvesting into economic development and creation of new jobs in the City.

Is the Business License Fee Surcharge still suspended?

No, as part of the City's business relief pandemic response, all Vancouver business license fees were suspended for only a period of one year (April 1, 2020-March 31, 2021). The fee suspension was lifted on April 1, 2021. Subsequently, the city offered a refund program for certain types of businesses that were negatively impacted by the pandemic. The refund program ended on December 31, 2022.

Does a business that is located outside the city that has employees working remotely in the city need to hold a Vancouver business license?

Yes, the City of Vancouver requires a license for all businesses that are located outside city limits which have employees that engage in business within the city, including employees working remotely from home or elsewhere in the City. License fees are determined by a business's gross annual revenue generated in the city, and by hours worked by its employees engaged in business in the city, including employees working remotely. It is ultimately the responsibility of each business to determine, and accurately report, the gross revenue generated in the City. In calculating the gross annual revenue earned in the City, a business located outside the city with employees working in the city should apportion to the city that portion of its total gross income which is derived from work that is performed in the city. Where such apportionment cannot be made by separate accounting methods, the business should apportion to the city that portion of its total income which the cost of doing business within the city bears to the total cost of doing business inside and outside the city.

Can you provide an example of the remote license apportionment?

Company A is physically located in Dallas, Texas, employs 21 workers, and its overall operating expense was \$2.5 million last year. However, four employees worked remotely, in the City of Vancouver city limits, and their salary collectively was \$275,000.

The calculation for the percentage of the apportionment would look like this:

$$\$275,000 / \$2,500,000 = 11\%$$

The amount of related income associated with the work within city limits would then be the apportioned by the percentage of the gross revenue determined in the first calculation:

$\$2,500,000 \times .11 = \$275,000$, so essentially, the amount of the workers income is the cost allocation of the business's gross revenue.

If the company paid for other expenses such as computers, phone service, Internet, etc. these costs would be added to the salary costs. For this example, we will use a total of \$15,000 in additional costs and it would look like this:

$$\begin{aligned} \$275,000 + \$15,000 &= \$290,000; \$290,000 / \$2,500,000 = .116 \text{ (rounded to .12) or } 12\%. \\ \$2,500,000 \times .12 &= \$300,000. \end{aligned}$$

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