FREE REFERENCE

Virginia business taxes, explained for 2026

Small businesses in Virginia register with the state revenue agency for income tax withholding and sales tax, and with the Virginia Employment Commission for unemployment tax. Virginia has income tax rates from 2% to 5.75%, a 5.3% state sales tax and a $8,000 unemployment wage base for 2026.

QUICK FACTS

- **Income tax.** Income tax rates from 2% to 5.75% for 2026
- **Sales tax.** 5.3% state rate, about 5.77% combined with local
- **Unemployment.** Employers pay Virginia unemployment tax on the first $8,000 of each worker's 2026 wages

What taxes does a small business pay in Virginia?

Most Virginia businesses deal with four: federal and state payroll taxes once they hire, sales tax if they sell taxable items, income tax on profit, and the state's annual report or franchise filing for an LLC or corporation, filed with the Secretary of State.

How do I register for payroll taxes in Virginia?

Before your first payroll in Virginia:

1. Get a federal EIN and enroll in EFTPS for federal deposits.
2. Open a Virginia withholding account with the Virginia revenue agency, so you can withhold and pay state income tax.
3. Register for unemployment insurance with the Virginia Employment Commission. For 2026, the tax applies to the first $8,000 of each employee's wages, at a rate the state sets for new employers and then adjusts to your history.
4. Report each new hire to Virginia's new hire registry, usually within 20 days.

Our state payroll registration guide explains each step, and our payroll service handles it for you.

General information, not tax advice for your situation.

Do I need a Virginia sales tax permit?

If you sell taxable goods or services in Virginia, yes. Register with the Virginia revenue agency before your first taxable sale. Out-of-state sellers need one once they pass Virginia's economic nexus threshold.

SALES TAX IN VIRGINIA, MIDYEAR 2026	RATE
State rate	5.3%
Average local rate	0.47%
Average combined rate	5.77%
Highest local rate	2.7%

The state sets how often you file. Our sales tax permit guide covers what to have ready, and the sales tax calculator adds tax to a price.

How does Virginia tax business owners?

Profit from a sole proprietorship, LLC, partnership or S-Corp passes through to the owners, who pay Virginia income tax on it at the personal rates: income tax rates from 2% to 5.75%. Virginia allows a standard deduction of $8,750 single and $17,500 joint, a personal exemption of $930 single and $1,860 joint and $930 for each dependent.

Estimate yours with the Virginia income tax calculator.

Where are Virginia's tax forms and refund status?

- Virginia tax forms
- Virginia revenue agency
- Virginia refund status
- Virginia Employment Commission

Every state's links are on our state tax forms page.

Which calculators work for Virginia?

- Virginia paycheck calculator: take-home pay after every deduction
- Virginia income tax calculator: your 2026 state income tax
- Payroll cost calculator: what a hire costs you, with Virginia unemployment

Common questions

Do I need a sales tax permit in Virginia?
Yes, if you sell taxable goods or services there. Register with the Virginia revenue agency before your first taxable sale.

What is the Virginia unemployment wage base for 2026?
$8,000. Employers pay Virginia unemployment tax on that much of each employee's wages, at a rate the state assigns.

Does Virginia have a state income tax?
Yes. Virginia has income tax rates from 2% to 5.75% for 2026.

Who runs payroll taxes in Virginia?
The Virginia revenue agency handles income tax withholding, and the Virginia Employment Commission handles unemployment tax.

Want payroll handled?

We set it up, run it and file the returns. Book a free 30-minute call at eminenttax.com/contact or call (972) 347-4590.

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