



**City of Spartanburg**  
**Finance Department**  
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**Classification:**  
**NAICS CODE:**

Dear Business Owner

In response to longstanding concerns raised by business owners in our state concerning differences in process and inconsistencies between taxing jurisdictions regarding business licensing, last year the South Carolina General Assembly approved legislation designed to standardize the local business license process statewide.

The approved SC Business License Tax Standardization Act, Act 176, will take effect January 1, 2022 and brings with it a number of important changes to the City of Spartanburg Business License process that are specifically denoted below.

Requirements of Act 176:

- Standardized due date: April 30
- Standardized license year: May 1 – April 30
- Gross income will now be based on the prior calendar year or business fiscal year
- Standardized business license application as approved by SC Revenue and Fiscal Affairs Office (SC RFA)
- All businesses will be listed in the standard class schedule according to their North American Industry Classification System code, or NAICS code
- Standard class schedule, based on national profitability data, was adopted by the SC RFA
- Creation of the Local Business License Renewal Center, an online payment portal where businesses can renew all their local licenses at one time

Going forward, the NAICS reported to us should match the code on your federal tax returns and is shown at the top of this letter.

Because Act 176 mandates a standard license year for all business licenses in South Carolina (May 1 to April 30), some businesses will temporarily use a shortened license period and others

will use a longer license period during this first year (2022). Your City business license, previously set to expire on December 31, 2021, will be automatically extended until April 30, 2022.

The business license tax is based on a business's gross income from the prior calendar year regardless of the due date or license period. Businesses will only pay once on their full calendar year's gross income no matter the length of the transitional license year. While changes included in Act 176 will result in increased business license tax rates for some business categories, the statute requires the City to employ a revenue neutral approach to the rate schedule. Most business categories will see slightly lower rates.

Beginning with the new renewal year and for **RESIDENT BUSINESSES ONLY**, we will be requiring you to submit the first page of your Federal tax return (or Schedule C of your personal return) so that we may verify your gross income and NAICS code. If you are claiming a deduction from gross income for fees paid to other jurisdictions, we will require the applicable documentation to verify those as well. If your business has filed for an extension to file for your Federal return, please call our office to discuss what alternate financial information may be used. Please note that all tax information (both the business license application and the Federal tax return) will be kept confidential.

The new base fee for your business classification is (\$0.00 to \$2,000.00) and then each additional \$1,000.00 over the \$2,000.00 base amount.

Due to these changes the annual renewal notices will not be mailed out to you until early January 2022 and are due without penalty by April 30<sup>th</sup>.

Sincerely,

Business License Department