

Business Central Licensing Explained

License Type	Cloud	On-Prem	Description
Premium Costs: \$\$\$	Available, monthly/-yearly subscription	Perpetual license, one-time purchase and subscription-based licensing	Includes all Essential features plus Manufacturing and Service Management.
Essential Costs: \$\$	Available, monthly/-yearly subscription	Perpetual license, one-time purchase and subscription-based licensing	Core functionalities for SMEs, including finance, sales, purchasing, and inventory management.
Device License Costs: \$\$	Available, for shared device usage	Available, for shared device usage and subscription-based licensing	Allows multiple users to access Business Central from a single device. Manufacturing & Service Management is not included. AI-driven features (like Copilot) are limited in Device Licenses. Usage e.g. warehouse, retail POS, shop floor)
Team Member Costs: \$ / free	Available, limited functionalities Cloud users must purchase Team Member licenses separately.	Available, limited functionalities Each full user (Essential/Premium) gets 3 free Team Member licenses .	Read access, approvals, and light usage (e.g., viewing reports, entering timesheets and update expenses).
External Accountant Costs: free	Available, free license for external accountants	Available, free license for external accountants	Provides read access to financial data and reporting tools for external accountants. Must be an external accountant, not an employee of the company. Up to 3 free External Accountant licenses per Business Central tenant. The accountant must have a Microsoft Entra ID (formerly Azure AD) work email. Personal email domains (e.g., Gmail, Yahoo) are not supported.

Perpetual Licensing

The **Enhancement Plan** rate will increase from **18%** to **19%** for existing customers upon renewal after October 1, 2024.

For New Customers:

Effective April 1, 2025, new customers will no longer be able to purchase **perpetual licenses** for BC on-premises. Instead, they will be limited to **subscription-based licensing**.

Existing Customers:

Customers with active enhancement plans can continue to add users or functionality to their existing perpetual licenses beyond April 1, 2025.

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