
VIRGINIA STATE BUDGET

2014 Special Session I

Budget Bill - HB5001 (Chapter 1)

Bill Order » Office of Finance » Item 273

Department of Taxation

Item 273	First Year - FY2013	Second Year - FY2014
Revenue Administration Services (73200)	\$60,198,015	\$59,311,398 \$59,544,014
Tax Return Processing (73214)	\$9,854,471	\$9,582,590
Customer Services (73217)	\$10,703,047	\$10,500,892
Compliance Audit (73218)	\$19,320,439	\$18,907,858 \$19,140,474
Compliance Collections (73219)	\$20,320,058	\$20,320,058
Fund Sources:		
General	\$47,775,700	\$47,114,083 \$47,346,699
Special	\$11,496,559	\$11,526,559
Commonwealth Transportation	\$250,000	\$250,000
Dedicated Special Revenue	\$675,756	\$420,756

Authority: Title 3.2; Title 58.1, Code of Virginia.

A. Pursuant to § [58.1-1803](#), Code of Virginia, the Tax Commissioner is hereby authorized to contract with private collection agencies for the collection of delinquent accounts. The State Comptroller is hereby authorized to deposit collections from such agencies into the Contract Collector Fund (§ [58.1-1803](#), Code of Virginia). Revenue in the Contract Collector Fund may be used to pay private collection agencies/attorneys and perform oversight of their operations, upgrade audit and collection systems and data interfaces, and retain experts to perform analysis of receivables and collection techniques. Any balance in the fund remaining after such payment shall be deposited into the appropriate general, nongeneral, or local fund no later than June 30 of each year.

B. There is hereby appropriated, for the first year of the biennium, revenues from the sales tax on fuel in certain transportation districts to cover only the direct cost of administration incurred by the department in collecting these taxes as provided by § [58.1-1724](#), Code of Virginia.

C.1. The Department of Taxation is authorized to retain, as special revenue, its reasonable share of any court fines and fees to reimburse the department for any ongoing operational collection expenses.

2. Any form of state debt assigned to the Department of Taxation for collection may be collected by the department in the same manner and means as state taxes may be collected pursuant to Title 58.1, Chapter 18, Code of Virginia.

D. The Department of Taxation is authorized to make tax incentive payments to small tobacco product manufacturers who do not participate in the 1998 Tobacco Master Settlement Agreement, pursuant to Chapter 901 of the 2005 Acts of Assembly.

E. The Department of Taxation is hereby appropriated revenues from the Communications Sales and Use Tax Trust Fund to recover the direct cost of administration incurred by the department in implementing and collecting this tax as provided by § 58.1-662, Code of Virginia.

F. The Tax Commissioner shall have the authority to waive penalties and grant extensions of time to file a return or pay a tax, or both, to any class of taxpayers when the Tax Commissioner in his discretion finds that the normal due date has, or would, cause undue hardship to taxpayers who were, or would be, unable to use electronic means to file a return or pay a tax because of a power or systems failure that causes the department's electronic filing or payment systems to be nonfunctional for all or a portion of a day on or about the due date for a return or payment.

G. The Department of Taxation is hereby appropriated Land Conservation Incentive Act fees imposed under § 58.1-513 C. 2., Code of Virginia, on the transferring of the value of the donated interest. The Code of Virginia specifies such fees will be used by the Departments of Taxation and Conservation and Recreation to recover the direct cost of administration incurred in implementing the Virginia Land Conservation Act.

H. In the event that the United States Congress adopts legislation allowing local governments, with the assistance of the Commonwealth, to collect delinquent local taxes using offsets from federal income taxes, the Department of Accounts shall provide a treasury loan to the Department of Taxation to finance the costs of modifying the agency's computer systems to implement this federal debt setoff program. This treasury loan shall be repaid from the proceeds collected from the offsets of federal income taxes collected on behalf of localities by the Department of Taxation.

I. Funds collected pursuant to § 58.1-1720 et seq., Code of Virginia, from the additional sales tax on fuel in certain transportation districts under § 58.1-1720 et seq., Code of Virginia, shall be returned to the respective commissions in amounts equivalent to the shares collected in the respective member jurisdictions.

J. 1. All revenue received by the Commonwealth pursuant to the provisions of § 58.1-645 et seq., Code of Virginia, shall be paid into the state treasury and deposited to the Virginia Communications Sales and Use Tax Fund and shall be distributed pursuant to § 58.1-662, Code of Virginia, and items 265 and 288 of this act. For the purposes of the Comptroller's preliminary and final annual reports required by § 2.2-813, Code of Virginia, however, all deposits to and disbursements from the Fund shall be accounted for as part of the general fund of the state treasury.

2. It is the intent of the General Assembly that all such revenues be distributed to counties, cities, and towns, the Department for the Deaf and Hard-of-Hearing, and for the costs of administering the Virginia Communications Sales and Use Tax.

K. Notwithstanding the provisions of § 58.1-478, Code of Virginia, effective July 1, 2011, every employer whose average monthly liability can reasonably be expected to be \$1,000 or more and the aggregate amount required to be withheld by any employer exceeds \$500 shall file the annual report required by § 58.1-478, Code of Virginia, and all forms required by § 58.1-472, Code of Virginia, using an electronic medium using a format prescribed by the Tax Commissioner. Waivers shall be granted only if the Tax Commissioner finds that this requirement creates an unreasonable burden on the employer. All requests for waiver shall be submitted to the Tax Commissioner in writing.

L. Notwithstanding the provisions of § 58.1-214, Code of Virginia, the department shall not be required to mail its forms and instructions unless requested by a taxpayer or his representative.

M. Notwithstanding the provisions of § 58.1-609.12, Code of Virginia, no report on the fiscal, economic and policy impact of the miscellaneous Retail Sales and Use Tax exemptions under § 58.1-609.10, Code of Virginia shall be required after the completion of the final report in the first five-year cycle of the study, due December 1, 2011. The

Department of Taxation shall satisfy the requirement of § 58.1-609.12 that it study and report on the annual fiscal impact of the Retail Sales and Use Tax exemptions for nonprofit entities provided for in § 58.1-609.11, Code of Virginia, by publishing such fiscal impact on its website.

N. 1. Notwithstanding any provision of the Code of Virginia or this act to the contrary,

a. Effective January 1, 2013, all corporations are required to file estimated tax payments and their annual income tax return and final payment using an electronic medium in a format prescribed by the Tax Commissioner. *Provided however, homeowner associations with no tax liability shall be exempt from the electronic filing requirement.*

b. Effective July 1, 2013, every employer shall file the annual report required by § 58.1-478 and all forms required by § 58.1-472, Code of Virginia, using an electronic medium in a format prescribed by the Tax Commissioner.

2. The Tax Commissioner shall have the authority to waive the requirement to file or pay by electronic means. Waivers shall be granted only if the Tax Commissioner finds that this requirement creates an unreasonable burden on the person required to use an electronic medium. All requests for waiver shall be submitted to the Tax Commissioner in writing.

O.1. Notwithstanding any other provision of law, Retail Sales and Use Tax returns and payments shall be made using an electronic medium prescribed by the Tax Commissioner beginning with the June 2012 return, due July 2012, for monthly filers and, for less frequent filers, with the first return they are required to file after July 1, 2013.

2. The Tax Commissioner shall have the authority to waive the requirement to file by electronic means upon a determination that the requirement would cause an undue hardship. All requests for waiver shall be transmitted to the Tax Commissioner in writing.

P. The Department of Taxation is hereby appropriated revenues from the Virginia Motor Vehicle Rental Tax to recover the direct cost of administration incurred by the department in implementing and collecting this tax as provided by § 58.1-1741, Code of Virginia.

Q. The Virginia Department of Taxation shall develop a return for a pass-through entity required by § 58.1-392, Code of Virginia, to file using an electronic medium in a format prescribed by the Tax Commissioner before, but no later than, January 1, 2015.

R. Notwithstanding the provisions of § 2.2-507 and § 2.2-510, when the Tax Commissioner determines that an issue may have a major impact on tax policies, revenues or expenditures, he may request that the Attorney General appoint special counsel to render such assistance or representation as needed. The compensation for such special counsel shall be paid out of the funds appropriated for the administration of the Department of Taxation.