

2002 SESSION

HOUSE SUBSTITUTE

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HOUSE BILL NO. 503

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Finance
on February 9, 2002)

(Patron Prior to Substitute—Delegate Drake)

A BILL to amend and reenact § 58.1-3732.2 of the Code of Virginia, relating to limitation on gross receipts for real estate brokers and agents.

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-3732.2 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-3732.2. Limitation on gross receipts.

Gross receipts of real estate brokers for license tax purposes under Chapter 37 (§ 58.1-3700 et seq.) of this title shall not include amounts received by any broker ~~which~~ that arise from real estate sales transactions to the extent that such amounts are paid to a real estate agent as a commission on any real estate sales transaction and the agent is subject to the business license tax on such receipts. The broker claiming the exclusion shall identify on its license application each agent to whom the excluded receipts have been paid, and the jurisdiction in the Commonwealth of Virginia to which the agent is subject to business license taxes.

In the event that a real estate agent receives the full commission from the broker less an adjustment for the business license tax paid by the broker on such commissions and the agent pays a desk fee to the broker, the desk fee and other overhead costs paid by the agent to a broker shall be deducted from the broker's gross receipts. If the agent files separately, the agent must identify on its license application the broker to whom such excluded receipts have been paid, and the amount of such receipts that were included in the broker's license application.

2. That the Department of Taxation, with the assistance of the Virginia Association of Realtors, the Virginia Municipal League, the Virginia Association of Counties and the Commissioners of the Revenue Association, shall (i) review local practices regarding license taxation of real estate brokers and agents relating to aggregation of commission receipts by brokers and separate business licensing of real estate agents, and (ii) report to the chairmen of the House and Senate Finance Committees, no later than November 1, 2002, its findings and recommendations for uniform practices regarding such business license taxation.

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