

DEPARTMENT OF TAXATION

2004 Fiscal Impact Statement

1. **Patron** H. Morgan Griffith

2. **Bill Number** HB 1241

House of Origin:

☐ **Introduced**

☐ **Substitute**

☐ **Engrossed**

3. **Committee** Senate Finance

4. **Title** Retail Sales and Use Tax: Allows Local
Officials the Authority to Date Stamp
Returns

Second House:

☒ **In Committee**

☐ **Substitute**

☐ **Enrolled**

5. **Summary/Purpose:**

This bill would allow local commissioners of revenue or treasurer the authority to date stamp and forward sales and use tax returns to the Tax Commissioner. This bill would also allow the commissioner of revenue and treasurer to charge for postage.

The effective date of this bill is not specified.

6. **Fiscal Impact Estimates are:** Preliminary (See Line 8.)

7. **Budget amendment necessary:** No.

8. **Fiscal implications:**

There would be no administrative costs incurred by the Department if this bill were to pass. To the extent that the processing of payments by local tax officials does not delay the deposit of sales tax payments, this bill would have no impact on state sales tax revenues.

9. **Specific agency or political subdivisions affected:**

Local Commissioners of Revenues

Local Treasurers

10. **Technical amendment necessary:** No.

11. **Other comments:**

Current Filing and Payment Requirements

Virginia law requires sales and use tax dealers to file a return and pay the amount of sales and use taxes due on the return by the twentieth day of the month following each reporting period in which the taxable transactions occurred. These returns and payments are submitted directly to the Department of Taxation for processing. Such returns may be

submitted either in paper or in electronic form. Sales and use tax dealers file and pay the tax on a monthly or quarterly basis, as determined by the Tax Commissioner.

The Department has developed complex automated processing systems to process sales tax returns and payments. Through these systems, the Department is able process approximately 2 million sales tax returns per year, both paper returns with checks and electronically filed returns with EFT payments. Paper returns are converted into an electronic data format that is edited and posted to the proper taxpayer account. The locality data is captured and credited to the proper locality account for purposes of the local sales tax distribution. The returns are imaged and stored electronically for future reference.

Proposal

This bill would allow dealers the option of remitting their sales and use tax return and payment directly to the local Commissioner of Revenue or the local Treasurer in the locality where the dealer is located. The local officials would certify the date that the return is delivered to them by the dealer. They would date stamp and forward the return and payment to the Tax Commissioner for processing in the normal manner no later than the day following the day the return is filed with the local official. This bill does not allow the local officials to process the return and payments.

cc : Secretary of Finance

Date: 2/23/2004 - wbs